SMALL BUSINESS AND INTERNATIONAL TRADE

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HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

SECOND SESSION

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SMALL BUSINESS AND INTERNATIONAL TRADE

MONDAY, SEPTEMBER 19, 1988

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Boston, MA.

The committee met, pursuant to notice, at 10:05 a.m., in the Federal Reserve Bank of Boston, Boston, MA, Hon. John J. LaFalce (chairman of the committee) presiding.

Present: Chairman LaFalce and Representative Mavroules.

Chairman LAFALCE. Good morning, ladies and gentlemen. I'm very pleased that the House Small Business Committee is able to be here in Boston this morning in order to have a hearing on a subject of great interest to me and the committee, the subject of international trade.

Our committee is exploring the involvement by the small business sector in the international trade arena. This has been a longtime interest of mine. I think it's significant that we've come to Massachusetts since it ranked ninth, nationwide, in exports in 1987. Certainly, the small companies in the high technology corridor around Boston present a great resource for future exporting. I'm proud to have been actively involved in the Omnibus Trade Bill which has now become law.

Recognizing the untapped exporting capabilities of not only our high technology firms but of all small business, our committee inserted a provision into that trade bill that is specifically aimed at improving the competitiveness of our small business sector.

But much more can be done. There are many avenues that we, as legislators, still need to explore, and that's why we're here this morning to listen to your perspectives on what the governmental role should or should not be and what actions can be taken to encourage even greater small business involvement in the international arena.

I don't need to tell anyone, particularly you, that there's a huge world market outside the United States, four times larger than our own.

American goods should be as common overseas as other nation's goods are in the United States. By expanding our export trade, we combat our trade deficit, we create jobs in America, and we fuel our Nation's economic growth.

Those are the thoughts that I have, and I would like to hear from you on your thoughts.

[Chairman LaFalce's opening statement may be found in the appendix.]

Chairman LAFALCE. Before we do that, I'm very, very delighted that a very hard working, distinguished Congressman, a Representative from Massachusetts, a member of the Small Business Committee, formally chairman of the Subcommittee on Procurement, and now chairman of a very important subcommittee on the Armed Services Committee, Congressman Nick Mavroules is here with us.

Nick, do you have a statement you would like to make at this time?

Mr. MAVROULES. Just very briefly, Mr. Chairman, let me thank you for coming to Boston and taking the time away from your very busy schedule.

Let me assure you that the Red Sox will win the division and the Patriots will keep us in suspense until the very last game that's played this year. So, you took one away from us yesterday.

Chairman LAFALCE. Well, I'll come back to Boston and watch the Red Sox play the Mets for the championship, and you can come to Buffalo to watch the Patriots play the Bills about a month from now, OK?

Mr. MAVROULES. You know what he's doing? He's asking for tickets.

Chairman LAFALCE. But I just promised tickets in return.

Mr. MAVROULES. Mr. Chairman, I'm delighted to be here this morning. We really appreciate it. I'm very happy to have Frank O'Connor next Monday, at a major conference in Peabody—that's my home city—on export/import problems.

I think Dr. Howell can articulate on a survey recently taken, and he's been very helpful in other hearings that I've had here.

Certainly, I thank Jack Rennie who is with us and Mike Campbell, a high technology exporter. He can truly give us an insight on what's happening.

We're here to learn, gentlemen, and the more you can articulate in your behalf, the more we can learn and take back to Washington.

Certainly, the chairman, I can assure all of you, takes this very, very seriously. He's been working on this now for about 2 years.

I have a formal statement, Mr. Chairman, and I want to welcome you once again.

[Mr. Mavroules' opening statement may be found in the appendix.]

Chairman LAFALCE. Thank you very much. I understand, Mr. Rennie, you have a time constraint. Is that correct? Because of that, why don't we call upon you first, if there are no objections to that.

TESTIMONY OF JOHN C. RENNIE, PRESIDENT AND CHIEF EXECUTIVE OFFICER, PACER SYSTEMS, INC., BILLERICA, MA, ON BEHALF OF THE SMALLER BUSINESS ASSOCIATION OF NEW ENGLAND [SBANE]

Mr. RENNIE. Thank you. I'd like to thank you, Mr. Chairman and the committee very much for the opportunity to testify on what I feel is one of the most important topics to be discussed in America—small business and international trade.

I'm submitting this statement on behalf of the Small Business Association of New England, as one who has been involved in trade in my own company since 1977, and as an activist nationally in the promotion of small business exporting for over 10 years.

Within the past 3 years, I had the privilege of being a member of the National Commission on Jobs and Small Business which you, Mr. Chairman, and several other members of the committee convened in 1985.

This Commission, through 15 months of hearings, meetings, and studies was drawn, even though it didn't start out this way, to the international competitiveness theme and hence the title of the report of the Commission, "Making America Work Again."

One section of that report was a recommendation entitled, "Restore the Yankee Trader Tradition."

It was this section, I believe, which formed the background for the committee's small business section of the Omnibus Trade Bill recently enacted.

I want to personally and on behalf of America's small business community congratulate and thank you, Mr. Chairman, and the other members of your committee for turning the Commission's recommendations and other recommendations brought to you in testimony and through staff research into meaningful legislation so quickly.

The Commission's report discussed seven major topics concerning the implementation of the trade recommendation.

A few of these are particularly relevant to this hearing. First, it urged incentives; second, improvement in the education of small business owners and managers with regard to trade; and improvement in the flow of market information and stimulation of State action to increase trade.

All in all, I feel that this section of the report summarizes my feelings on the subject of what should be done to increase the small business sector's participation in trade.

It was, therefore, very gratifying to see so many features of these recommendations emerge in the trade bill.

In today's testimony I'd like to discuss three major areas responding to your invitation.

First, I'll just touch on some over-arching themes that I think are important for us to keep in mind. Then, I'll make some specific comments on the small business title of the trade bill and then allude to personal experience in my company, all of which I'll condense, understanding that the statement will be entered into the record verbatim.

With regard to over-arching themes, the first thing is I feel that the underlying problem of trade in this country is that it simply does not have a high enough priority.

There are many laws passed. There are all kinds of themes that we put forth, but in the end, too many of them get caught up in the bureaucracy, and we end up really not taking maximum advantage.

So, whatever is proposed here today, or this year, or in this or the next Congress, will mean very little if we, the people, the Congress, and the administration don't take trade and make it perhaps the second highest priority right behind defense, in the land.

Second, I think we are looking at various ways to improve our exporting, but we must keep in mind that it is a long-term process.

The solution to our trade deficits in the long run will be found not in quick hit solutions which we often in the United States too often dwell on, but on the slower, methodical, and less-glamorous effort to energize our smaller and medium companies into international markets.

Third, we must understand that we are unique in the world in that our domestic market acts as a disincentive to go offshore.

When we couple this with an almost benign acceptance and openness to would-be competitors from overseas, we have a situation that is really unique in the world.

Therefore, we must understand that it is in the country's best interest to energize America's smaller- and medium-sized companies to join the international markets.

On the other hand, we feel that a lot has actually been done. It's just that we're not making the most of what we have.

This is where, I feel, SBA can make a big difference. There are all kinds of facilities, data, programs, and trained personnel available at State and Federal levels and in the private sector which could help.

They are, in fact, in place to help the would be Yankee traders.

But the small business community does not know where they are or how to use them. Several features of the act address this area.

Let me switch now to the trade bill. Often we encounter the feeling, stated in different ways, that the resources are there, and all they have to do is come in and use it.

I feel this is dead wrong. That really we should say that if the smaller- and medium-sized firms are not using the facility, it is essentially useless.

The only real justification for these resources is to be used effectively by the smaller- and medium-sized business community.

Again, the small business title of the act specifically stimulates more proactive moves to actively market existing programs and provide outreach to the small business community, a very good move in my view.

I was particularly gratified with provisions which direct the use of available SBA resources to maximize the connection between in-place resources and the small business community.

In short, SBA and its resources will now become more of an activist in getting the small business community interested in participating in these markets and aware of what help there is available to overcome some of the mechanics and complexities of trade.

This will be a highly visible and positive role for SBA. One that it could point annually to with pride.

Indeed, because of your leadership, I've detected a considerable change in SBA's trade involvement even before the act was passed.

Other features of the small business title that I'd like to make specific comments about are: First, I'm in complete support of the reports called for in section 8003(b), especially the reports under (b) 1, 2, and 3.

I was disappointed that the report (B)(5) proposed in the House bill did not survive conference, as I feel that greater small business involvement in the up-coming Uruguay Round of the GATT and on

a continuing basis with the office of the U.S. Trade Representative are very important.

On the other hand, I feel that possibly the conferees felt that this subject was covered in section 8012.

With regard to the comments of the conference committee regarding SBA's export financing under section 8005, I would suggest, as I have in previous testimony, that this financing provision is of questionable value because I believe that essentially the same procedures for SBA financing are applied to these export loan applicants. I would submit that someone in this situation probably shouldn't be worried about exporting, but rather should be paying attention to succeeding and domestic markets first. Also, I felt all along that following the use of proceeds for such a loan would be difficult at best. Therefore, I question the conclusions of the conference and its directive to SBA.

The conference, as you may recall Mr. Chairman, indicated that they thought SBA simply wasn't marketing this program enough. I think here is a case of where there may be just simply a mismatch in the program and the applicants.

I fully agree and apply the provision of 8006, as I believe the SBCD network can be an extremely effective outreach mechanism conduit and provider of assistance in this area.

It was most important in my mind that the SBCD's and SBA's Office of International Trade not try to replicate or replace the Department of Commerce or ITA, but rather, work to complement them and improve the utilization of the facilities by the small business community.

While I agree with the intent of section 8007, I have the same reservations as stated earlier in 8005. I do feel that the increased guarantees to $1 million makes sense in this day and age.

I would feel, however, that if section 8007 really centers on the case of a small business that is being injured in the marketplace significantly by foreign competition, then the specifically targeted export financing may make a lot more sense since the reason for the company's being weak may very well be the injury from imports.

Since I was a leading proponent of the Small Business Innovation Research Program, and I can remember some exciting days testifying in front of the House Armed Services Committee on that one, I, needless to say, was delighted with the program's success and strongly support the provisions of section 8008.

I would have preferred, like many small businesses, to see those sections enacted rather than made a subject of a study.

However, I think it is a reasonable, first important step. Certainly, I would offer my assistance and those of others in the Small Business Association of New England in providing inputs to the GAO study.

We at times get concerned about the so-called measures of effectiveness that GAO may come up with in assessing the program.

I was intrigued with the provision in section 8011 for the national conference on small business exports and the orientation conveyed in the conference agreement.

I'd be very happy to participate in such a conference.

Finally, I wholeheartedly agree with section 8012, as it is the first step in getting small business needs and concerns into the GATT and the U.S. Trade Representative operation.

With regard to my own first-hand experience, Pacer Systems, my company, is experienced in trade and is experienced in supplying high technology equipment and professional technical services in the fields of defense, aerospace, oceanology, and civil engineering worldwide.

We were introduced to exporting by the SBANE Massachusetts Port Authority Small Business Export Program. This program was the model for the Small Business Export Enhancement Act in the early 1980's.

The two vital things I learned from this experience in November 1977 were first, that my products had markets overseas, and second, there were many sources of assistance available in both the private and public sector.

This relieved my concern as it would, I think, many chief executive officers of small companies concerning the time demand and the burden of getting into trade.

Since that time, Pacer has exported every year with export sales ranging from less than 1 percent to more than 15 percent of total revenues.

In aggregate these sales have amounted to over $10 million, and they have generally been more profitable than the domestic sales of the same or similar items and services.

Because of the orientation I received on the Small Business Export Program, the continued education I got as a member of SBANE's trade committee, and the extensive help I received from the Boston office of ITA, the resident SBA trade specialist, and numerous bank representatives, freight forwarders, culture specialists, insurance agents, and so forth, that we're fortunate to have in this area, I have encountered relative few problems in exporting mechanics.

I have at times been frustrated in two areas. One, the lack of a steady policy and clear direction in the areas of export controls and licensing.

Second, severe nontariff trade barriers to the export of our technical services.

In the first instance, that is with respect to the policy, the uncertainties involved cause our company to hesitate more than it should in entering or building exporting activities.

With regard to the nontariff trade barriers, these have discouraged us from putting much effort into services trade.

In fact, just recently in our internal discussions, we have downgraded and put our products trade much in favor in terms of our resource allocation than services.

I feel that there is an additional severe disincentive for defense and aerospace firms which I believe are the second best exporters next to agriculture.

This was a change that came about in 1986 which makes virtually all overseas sales and marketing costs unallowable in Government contracts.

This has greatly reduced Pacer's activities in overseas trade and may result in a slowing of our export revenue. I know that other companies have been similarly affected.

In conclusion, Mr. Chairman, let me congratulate you again for your interest and perseverance in this vital area of trade reform and international competitiveness and for your work on the trade bill.

Our problems in getting the small business sector into trade are unique in the world. To succeed, we must go to unusual lengths to make it happen, but if we do, the country and the small business community will be better off.

I believe SBA will have found another area of activity where it can make a special contribution, a very positive contribution to America.

Thank you again, sir, I appreciate the preemption, and I would be happy to answer questions.

[Mr. Rennie's statement may be found in the appendix.]

Chairman LAFALCE. Thank you, Mr. Rennie. Ordinarily, I would hear from the other members of the first panel if we're asking questions, but I'm not sure what time you're going to leave.

Let me just ask you this one question. Could you expand a bit when you talked about the changes in the Federal acquisition regulations of 1986 which make virtually all overseas sales and marketing costs unallowable on Government contracts?

Mr. RENNIE. Right. Usually, in companies such as mine that have been involved in trade, when we go through our budgeting we budget if we're interested, a certain amount of marketing costs and other things into our G and A rates which we normally would then recover on our Government contracts.

Chairman LAFALCE. Which Government contracts are you talking about now?

Mr. RENNIE. All Government contracts, I mean the G and A would be part of the normal costing of a contract when we put it in.

Part of that G and A budget would be some allocation to promote and market overseas.

In 1986, the Defense Department changed the regulation increasing the categories of unallowable costs. There's always been some unallowable costs, interest, most advertising, and so forth.

But this year they added overseas sales and marketing costs as an unallowable cost which, as a practical matter, means now I can no longer recover that cost on my contracts, and it must come out of pretax profit.

I feel that is a legitimate cost of doing business. If I choose to want to get into overseas markets, there's no reason, as long as I'm competitive, that I shouldn't be able to recover that cost on my contracts.

As a result, what has happened is, in fact, about 3 or 4 months after that ruling was issued I got an invitation from the Commerce Department to go to the Paris Air Show to put a booth there.

I called. I wrote a letter, as a matter of fact, which I know went up through the Commerce Department, and said that previous years we have piggy-backed with other companies, European partners, and so forth, but that year we were thinking of going to the

Paris Air Show in our own booth, but we had changed and decided not to go at all.

The reason was this change in regulation. As a result, this went up through Commerce. I imagine they got the same complaint otherwise because I feel the logic of the thing was further damaged when I think about a year ago, maybe not that long ago, they came out with a change or an amendment to that regulation that allowed costs involved with certain overseas air shows and things of that nature.

Now that is virtually a big company game, because, basically, Boeing, for example, can go to the Paris Air Show and charge the cost in their G and A rate.

But I can't send someone to China, or I can't send someone to Canada, in fact, to do marketing without it being an unallowable cost.

So, I just say that where we have a top-level policy of increasing exports at the working level in a very key industry for exporting, aerospace, that this is a disincentive and felt that it was somewhat out of whack.

Chairman LAFALCE. You say that advertising had been disallowed prior to 1986?

Mr. RENNIE. Yes; almost all advertising——

Chairman LAFALCE. What's the difference between advertising costs and marketing costs?

Mr. RENNIE. Well, I mean in the case of the previous thing, all advertising except for personnel. If you're hiring that kind of thing, that is allowable.

But all other advertising is unallowable, like in magazines and so forth, of an image and so forth. There's always been a little bit of unallowable costs.

It was frankly below what I call the threshold level. Interest is understandable, for example, because there's a quid pro quo in that you get progress payments. So, that seems reasonable.

Advertising has been in so long that people have just accepted it. But in the last 2 or 3 years in an effort to squeeze the profitability of the defense contractors, the Defense Department has put in a lot of new unallowable cost areas.

Some of them just reduce the profit so that in addition to the overall drop in fees which took place last year where all the fee structure was lowered, let's say by 1 percent, it was higher than that in the services areas.

In addition to that, once we had the fees sorted out, now from the bottom your profitability gets injured by increasing the unallowable costs.

As I say, this was always accepted for a while, but now it has got much more intrusive so that our unallowable costs now run, and we've reduced them a lot as much as we can, but they still run at least 1 percent of overall sales.

So, you take whatever fee you've gotten, subtract 1 percent, and that gives you the profit before tax. It is all a way of squeezing profitability.

Mr. MAVROULES. Jack, the unallowable costs are part of a procurement reform package that we had undertaken in the Armed

Services Committee. As a matter of fact, that was my subcommittee.

Mr. RENNIE. Right.

Mr. MAVROULES. We also took the recommendation, probably in total, of the Packard Commission which was put together by the President.

You make a good point here this morning. That's one area we're going to take another look at because we're not sure it's working as good as we thought it would.

Of all the export/import ratios, defense is one area where we have an edge. It's $2.80 for every $1 we get in importing.

So, we're very careful in those areas. We do not hurt the defense exporters of any kind of good or high technology. In the allowable costs area, I don't think it was meant by the Congress, or by the President for that matter, because all that we had put forth was agreed to by the Pentagon at that time.

Although they gave us a battle, they finally broke down and agreed to it. What their concern was, more than any exporting initiative, at least in my judgment, was the travel, private airplanes, private meals, and that kind of thing.

It's amazing, Mr. Chairman, the kinds of things that they were writing off as allowable costs. I think we've kind of tuned in on it.

Just so you will know. We will have other hearings, not this year. We will begin procurement reform hearings again next week, but not in the areas you're talking about.

But I just wanted to assure you that other hearings will be taking place on this and two other reform areas that we have passed that we think are not working.

I just want to give you that assurance, Jack, but we will not address them until next year.

Mr. RENNIE. Fine. Thank you.

Mr. MAVROULES. Thank you, Mr. Chairman.

Chairman LAFALCE. Let's now go back to the original lineup of panelists and hear next from Mr. Frank O'Connor.

TESTIMONY OF FRANK J. O'CONNOR, DISTRICT DIRECTOR, DISTRICT OFFICE, U.S. AND FOREIGN COMMERCIAL SERVICE, INTERNATIONAL TRADE ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE, BOSTON, MA

Mr. O'CONNOR. Thank you, Mr. Chairman, Congressman Mavroules. I'm the director of the Boston district office of the U.S. Department of Commerce.

My area of responsibility in New England lies within the five New England States with the exception of Connecticut. There's a district office in Hartford, CT.

I very much appreciate the opportunity to comment on the export promotion and service programs of the U.S. Commercial and Foreign Service of the U.S. Department of Commerce.

To lend credibility to my remarks, my tenure with the Department began in 1968 following an 8-year career with the General Services Administration as manager of the business services center.

I am pleased to have the opportunity to express my personal feelings as a field person.

I am concerned on a daily basis with programmatic assistance to the small and small to medium business community relative to enhancing exports or, in other words, the real world.

I'm afraid that all too often when committees of the House and Senate request information from which they can develop meaningful legislation intended to enhance efficiency and effectiveness, they receive politically driven rhetoric and ideology that does not necessarily reflect the real world environment.

Exporting for the United States has finally begun to receive the visibility it should have always had for it is an extremely important economic issue and one of the most vital forces of our time.

We, as a nation, should do everything in our power to strengthen and preserve this force.

I want to commend you, Mr. Chairman, for your ceaseless efforts in trying to rectify our Nation's dismal performance in the area of productivity and competitiveness.

In addition, your recognition that the export trade promotion efforts of the United States needs to be enhanced was clearly reflected in your committee's efforts on getting the small business features into the new trade law. This new trade law will greatly assist small business capability to successfully enter foreign markets.

The question on the table is, what is the most effective and efficient manner to provide export assistance, counseling, and programs to American small business?

I respectfully submit to you that the network of foreign and domestic district offices of the International Trade Administration, U.S. Department of Commerce, can accomplish this goal.

The U.S. Commercial Service has been actively engaged in assisting U.S. businesses in international trade development since the early 1960's.

Our team players located in 68 domestic offices and over 122 foreign locations work closely together to provide specific programs and services to small business people.

Our experienced trade specialists have hands-on knowledge of trade promotion activities, complex overseas trade regulations, foreign economic market conditions, export licensing requirements, as well as foreign language capability.

We are the only organization that has an annual work plan developed for each domestic office in the geographic area in which it serves.

Working closely together with the Small Business Administration and the Small Business Development Centers will bolster our overall efforts.

We initiated a regional working agreement with the Small Business Administration as far back as 1982.

I am delighted to submit copies of this working agreement as well as those agreements signed with the five States in our region and with the district export advisory council that I have.

Make no mistake about it, we have had a close working relationship with the Small Business Administration and the Small Business Development Centers for many years and look forward to an even stronger partnership in the future.

I respectfully urge the SBA and the SBDC's not to try to out do the Department of Commerce.

Help us to be more effective by closely coordinating activities aimed at helping small businesses get into trade by utilizing the best features of each agency's charter to get results.

The SBA and SBDC have the ability to reach out to small businesses to bring them to the Department of Commerce and provide some financial support that is not within our charter.

This type of assistance is vital to achieve the overall goal of reaching out to our small business constituents.

Our domestic and overseas network allows a small business person to work in Rome, Italy, as effectively as he or she can in Rome, NY.

There is no question in my mind however that our system must be improved.

Congress should review the funding of its lead agency with regard to export. It is obvious that the U.S. Department of Commerce is not receiving the funding needed to meet their mission.

Many of the positions in both domestic and overseas offices of the Commerce Department are vacant.

We do a disservice to small companies in New England when we cannot process their requests in a timely fashion.

In conclusion, may I again express my sincere appreciation to you, Mr. Chairman, and the members of your committee for the opportunity to share my thoughts on this most vital issue.

I ask that you take time to review the enclosures that I have left as they will support the remarks which I have made today. Please feel free to call upon me at any time for further assistance. Thank you very much.

[Mr. O'Connor's statement may be found in the appendix.]

Chairman LAFALCE. Thank you very much, Mr. O'Connor. Before I ask questions, let me hear from the next panelist, Dr. Jim Howell from the Bank of Boston.

TESTIMONY OF DR. JAMES M. HOWELL, CHIEF ECONOMIST, BANK OF BOSTON

Dr. HOWELL. Mr. Chairman, we welcome you here. I personally have followed your interest in this field for quite a number of years and believe me, it is sincerely appreciated by those of us in banking and business.

Chairman LAFALCE. I read an interesting article this past week or so that at the time the Republic of Texas was admitted as a State in the Union, it was admitted with the caveat that it could subdivide itself, and that theoretically, the State of Texas has the capacity to subdivide itself into four States rather than one State giving us four States from the geography now called Texas rather than two from that geography.

I was intrigued by that. Do you know if that's a fact?

Dr. HOWELL. That is a fact, and it is only through our temerity that we have been reluctant to do that thus far.

Chairman LAFALCE. Texans are well known for their temerity.

Dr. HOWELL. The full text of my remarks is far too long for this hearing, so I will provide you with my statement for the record.

I do want to depart from my remarks because I have, at last, found solid, empirical evidence of the pomposity of Boston bankers.

A friend of mine by the name of Carol Leonard writes a little piece in the London Times called the City Diary:

> Speaking during lunch at a 1988 investor relations conference yesterday, Sir Timothy Bevan told how he had sailed across the Atlantic after relinquishing his chairmanship from Barkley's Bank last year. One thing I was surprised to find was how pompous American bankers are. We were sailing round a bay at Newport, RI.
>
> One banker had one of those ghastly motor boats Americans have with wireless aerials in all directions. He then promptly drove this thing on to a rock. Being an efficient man, he naturally contacted the Coast Guard on his VHS radio. "May Day. May Day," he called.
>
> The Coast Guard asked him, "What is your exact position?" to which he replied, "Executive vice president, First National Bank of Boston."

I offer that evidence to the record, sir. That will probably be the highlight of the day.

My remarks today will be very brief and to the point. I have a generalized theme which is, simply, that the month-to-month trade figures released by the U.S. Department of Commerce are not a reliable measure of our Nation's competitiveness.

This does not mean that we should not pay attention to these figures, but rather that these data should be seen as far too aggregated. They significantly gloss over exciting new developments pertaining to young high technology and innovative firms.

Among other things, the aggressive propensity of these firms to export is not seen in these figures. This aggressive exporting is not only synonymous with technology firms, but it is synonymous with small companies.

Let me be specific. In the early summer of this year, the economics department of Bank of Boston completed an analysis of a special mail-out/mail-back national survey of young, small high-technology companies in five rapidly growing technologies—biotech, advanced materials, photonics and optics, automation equipment, and test and measurement equipment.

Out of 6,000 surveys mailed nationally, we had over 400 usable responses. Two important findings which I share with you today come out of this data base.

Our first finding is that significant numbers of young, high-technology companies have begun exporting early in the life cycle of their companies, reflecting the sophisticated nature of their products.

In this connection, let me just cite one single data point for companies that are in the test and measurement industry.

All of the companies in this category started after 1979. Of those that are the youngest, 82 percent export as compared to 81 percent of their older counterparts.

That these technology-based small firms enter export markets so early in their life cycle attests to the rapid changes that are taking place in new product development and the speed with which these new products and processes can be identified and marketed in a global market.

Our second finding is that young and small firms entering export markets do not experience competitive disadvantages by doing so. Rather, the exporters exhibit approximately the same or, in some cases, faster rates of growth in employment and sales than their nonexporting counterparts.

This runs counter to a lot of what we had believed to be the case over the past 25 years, and it reveals some exciting insights into these technology firms.

What are the public policy issues that flow from these findings?

First, dollar depreciation has certainly helped all exporting companies.

I'm certainly one who agrees with the thrust of the Central Bank and the U.S. Treasury policies as enunciated through various G–7 communiques, and believe that these policies should be supported and fostered.

But I do want to make a plea within the context of those deliberations that anything your committee, and the leadership you provide, can do to enable us to operate in a world of more stable exchange rates will sincerely be appreciated by business.

Chairman LAFALCE. Are you familiar with the exchange rate provisions that I have offered which became a part of the Omnibus Trade Bill?

Dr. HOWELL. Yes, sir.

Chairman LAFALCE. Dr. Bergston of the Institute of International Economics said it's the most important provision in the entire trade bill.

Dr. HOWELL. Yes; and it is, certainly.

Chairman LAFALCE. I authored those in a direct effort to try to be of assistance to bring about this stabilization.

Dr. HOWELL. It certainly will help, because in the past we have not done well because of the fluctuations.

The second public policy conclusion that comes out of our analysis goes right to the heart of the exporting phenomenon.

These young small high-technology exporters are not necessarily the lowest cost producers. But the uniqueness of their technology in the world market and the early start in international markets has thus far demonstrated that they will generally do quite well whatever the exchange rate.

That does not imply, however, that exchange rates should be unstable. Quite to the contrary, exchange rates should be stable.

In conclusion, I think our survey has unearthed an important finding about these technology companies and their willingness and aggressiveness in entering world markets. That has to have a positive impact on the U.S. trade deficit as we enter the 1990's and as these companies grow up. Thank you, Mr. Chairman.

[Mr. Howell's statement may be found in the appendix.]

Chairman LAFALCE. It is highly desirable between or among the various governmental agencies, particularly in light of the new small business provisions in the trade bill.

Do you think that the memorandum that you've entered into is the type that might be used as a model for other regions and do you think that it suffices, given the recent changes within the trade bill, or might this memorandum of understanding need to be updated because of the recent provisions in the trade bill?

Mr. O'CONNOR. I think, Mr. Chairman, there is a memorandum of understanding now on a national level. What I referred to in 1982 is, and it is something that we here in this region decided to do with the cooperation of SBA and Commerce to enhance exports.

We have been sort of a voice crying out in the wilderness, if you will. But as we all understand, international trade has now come to the forefront in the last 3 or 4 years.

I think what I wanted to show there is the cooperation way back in 1982, and before that even, of SBA and Commerce in this region that I guess was rather unique while it did not go across the country.

I think there is need to update it now because of all the activity. Yes; it should be spelled out a little clearer.

But I simply wanted to show that in this area, in New England, it was not something entirely new to us, and that we have been working in a cooperative manner for many years.

Chairman LAFALCE. Good. Dr. Howell, you said that we ought not to take too much solace or pay too much attention to the month-to-month deficit figures.

Let me go into the month-to-month figures. First of all, even assuming annualized merchandise trade deficit figures that are somewhat similar to last month at least—unrevised last month which was $9.5, let's say $10—you're still talking about close to a $120 billion merchandise trade deficit per year.

I would assume it would be your judgment that is still an unsustainable trade deficit. But we're still talking about the decimation of American industry and the loss of jobs if we continue to have that along with the trade deficit. Is that correct or do you differ with that analysis?

Dr. HOWELL. Let me break your statement down into the two or three parts that I think are relevant.

Certainly the month-to-month trade deficit figures are disastrous. There's no question about that. They cannot be sustained.

Chairman LAFALCE. Even the $9.5?

Dr. HOWELL. Even the $9.5 billion per month. Our forecast simply says these deficits will probably not be eliminated in the foreseeable future, whatever we do.

I see much of the problem still in terms of the reluctance of the American public to live within our means. That is one aspect of this trade deficit that must be addressed.

But the trade deficit, as we know it today, is not going to go away until we get faster growth in Europe, and we restore export growth to Latin America.

That is very difficult to do because the large banks in the United States and Europe are not going to return to voluntary lending in Latin America until there is more rational economic management in these countries.

That represents $10 billion worth of U.S. exports to Latin America that we've lost.

Now, I don't think that we can continually borrow $100 to $150 billion per year without triggering an international financial crisis.

The cut and thrust of my testimony was to ask in the midst of all this, is there hope? The month-to-month trade numbers, by getting more attention than is justified, tend to gloss over some real improvement in competitiveness among technology-based companies that are young, and small, and are growing up exporting.

Chairman LAFALCE. Now, I've read conflicting reports, but some individuals have said that we have maximized our exports about as

much as we're going to. We don't think there's going to be that much buying taking place by the other countries in the world within the foreseeable future.

Yet there still continues to be a surge, a fever for buying. That has not subsided. So, while our exports have gone up faster in the past few months than our imports have gone up, that doesn't promise to continue in the future.

While our exports will increase, it won't increase at the same pace, and our imports will probably increase more, so that we might see an even higher month-to-month deficit in these merchandise trade deficit figures. Or, at least, they're not going to get much lower.

Dr. HOWELL. I absolutely share those concerns. Moreover, contrary to the view of the National Bureau of Economic Research, I don't think additional dollar depreciation will improve that trade balance.

We simply have to start living within our means.

Chairman LAFALCE. Don't you think that we will witness additional dollar depreciation as a partial means of helping to cope with it?

Dr. HOWELL. Dollar depreciation may not improve the import side of the trade ledger as much as we might hope. Unfortunately, unless we learn to live within our means, what it might take to significantly bring down the trade deficit is a recession.

The G–7, as you're well aware, is under pressure now to keep the dollar in its current trading range.

Chairman LAFALCE. Aren't they meeting in Berlin right now?

Dr. HOWELL. Well, they meet all the time.

Chairman LAFALCE. I know, but the IMF meetings start this Sunday.

Dr. HOWELL. That's right. That's the fall meeting, and then they have the quarterly meetings of the economic ministers and so on.

I am not unhappy with G–7 policy if we could open up Latin American markets, restore them for exports.

Mr. LAFALCE. You make a lot of that, but you're talking about $10 billion out of a deficit of $120 billion. So, we have to keep that in perspective.

Also, we can't talk about opening up Latin America for our exports without talking about their continued ability to service their debt and then their ability to grow.

Of course, the servicing of their debt, in large part, depends upon their export earnings, and, therefore, what should our policy be with respect to Latin America?

Should our policy be to enhance their ability to have a trade surplus so they could better service their debt and, therefore, better recover their ability to obtain voluntary credit arrangements?

Or, should it be to maximize our exports to them in the first instance? Of course, I don't know how you do that. They're not economically viable. I don't know how you can do that in the first instance. Which comes first, the chicken or the egg?

Dr. HOWELL. When John Opel, the former chief executive officer for IBM, was growing up in St. Louis, his father used to ask him, "John, can you eat an elephant with a spoon?"

Of course, no 8- or 9-year-old boy would believe that's possible. But the message was, you do it a spoonful at a time.

Solving this problem is going to take many spoonfuls of many different dishes. The United States must run trade deficits with Latin American countries.

Chairman LAFALCE. We have to as a safety valve.

Dr. HOWELL. Absolutely.

Chairman LAFALCE. That's the one good thing of our merchandise trade deficit is we have provided the safety valve for the world.

Our economy could sustain it for a finite period of time, but we can't sustain it for a protracted period of time, and I think we've gone beyond the point.

Dr. HOWELL. We have. I urge you to look at the British experience because Britain has run a merchandise trade deficit every year since 1820.

Chairman LAFALCE. How about their current account deficit?

Dr. HOWELL. Their current account has been positive because they maintained a net investor position with the rest of the world, receiving more income from abroad than they paid out.

That's what we've lost control of.

Chairman LAFALCE. It's my understanding though that we are at the point, not last month but the month before, didn't we have a current account deficit and aren't we at the point where we might be running annualized current account deficits?

Isn't that of even more concern, a greater concern than the merchandise trade deficit we've been running?

Dr. HOWELL. That is why I wanted to emphasize the parallelism between our contemporary problem and the long-term success of the British in running a merchandise trade deficit but at the same time, a current account surplus.

We now have high interest repayments on our current account in addition to the trade deficit. That's the crux of the problem, and exchange rate depreciation is not going to help with respect to interest repayment. It may mean converting different values of dollars, but the deficit will still be there.

We simply have to reduce consumption in the United States.

Then we must save more. Every time we sell a U.S. security to pay for the trade deficit, that represents savings for the U.K., Germany, or Japan.

Or, more importantly, that may be savings that takes capital from Argentina, Chile, or Brazil to the United States. As a result, these countries don't get adequate capital formation.

Chairman LAFALCE. Speaking of Argentina, Brazil, and so forth, the Bank of Boston has quite a history, as I understand it, with the Americas.

Although you're structured well in all those countries historically and presently, your structure is coming into disuse isn't it? Because you're not really involved presently in very much development financing and probably minimal trade financing. Is that correct or incorrect?

Dr. HOWELL. Trade financing, of course, has significantly diminished. Again, that is due to the $10 billion worth of U.S. exports to Latin America that were lost. Commercial banks have never done

much development financing. They have taken the leader from long-term capital markets here in the United States and London or from developmental institutions such as the World Bank.

Chairman LAFALCE. Well, what is Bank of Boston's Third World debt right now?

Dr. HOWELL. Bank of Boston's nonperforming Third World loans have been slashed in half to $500 million. That doesn't include a modest amount of trade finance that is being paid on time.

Chairman LAFALCE. Let me ask a question. As I recall, the Bank of Boston was about the first bank or maybe the only bank to fully reserve against its losses, is that correct?

Dr. HOWELL. We have $400 million in reserves against that $500 million in loans, far more than any other major bank.

Chairman LAFALCE. Which probably is a very, very prudent policy to be emulated by other banks if they had the capacity and capital to do it.

But they haven't done it. Does that put Bank of Boston at a competitive disadvantage at all? Is there any thought or desirability for the concept of making uniform the banking practices of reserving, with respect to Third World debt such as this, so that you could view all banks with the same criteria in mind as opposed to looking at them, and seeing a set of books, and not being able to ascertain the road of worth because they are each engaged in a different type of reserving practice?

Dr. HOWELL. They certainly are engaging in different reserving practices which was not the original intent of IMF policy or the philosophy of the Baker plan, which was that all banks would, in effect, be in the same boat with the IMF, and we would ride the storm out together.

The failure of the Baker plan to be successful in accelerating growth in Latin America has meant that the banks have gone their own separate ways.

This has presented a situation where some banks have relatively less exposure. I think that the banks must have the staying power to run the course in Latin America. But the quid for that quo is that Latin American countries are going to have to start managing themselves with a certain amount of discipline.

Chairman LAFALCE. That's a condition that is existent at least in theory in everybody's plan, whether it's the Baker plan or my proposal.

I have talked about the small business title within the trade bill. I've talked about the exchange rate title within the trade bill that you're familiar with.

But I also included within the trade bill a title—for the creation of an international debt management facility to be negotiated by the United States within either the IMF, or the World Bank, or some other appropriate international forum in order to help resolve this Third World debt problem in some way or other using any number of means, whether it's bonds, facilitation of the existing secondary market, issuance of long-term bonds by this facility for the existing debt, et cetera, et cetera, et cetera.

I'm pleased that within the past month, since the departure of Secretary Baker, there seems to be much more consideration given, not by the administration necessarily, but by other groups.

The group included some bankers under the auspice of the United Nations Association. They recently came out with a statement that included Johnson, Bill Rhodes, Rod Wagner, and a few others.

John LaWare, last week or the week before, gave a speech in which he called for debt reduction. I don't think it's official Fed policy, but he now is a member of the Federal Reserve Board.

Henry Kissinger wrote a piece that applied exclusively to Mexico, but within that Mexican context he talked about the need for the United States to engage in the facilitation of debt reduction, debt relief, et cetera.

Does the Bank of Boston have any position on that? I raise it because you raised the importance of Third World debt as part of the importance of exporting?

Dr. HOWELL. I think it would be reaching to say the Bank of Boston has a position, but we welcome your leadership in proposing a debt management facility. Clearly, matters cannot stay the way they are.

Chairman LAFALCE. Well, you spoke of the failure of the Baker Plan.

Dr. HOWELL. To stimulate growth.

Chairman LAFALCE. To stimulate growth, yes; which I don't want to say was a courageous comment, but at least it was a definitive comment.

Most individuals would be reluctant to go as far as that. I have gone that far.

Dr. HOWELL. Clearly, what is needed is a comfortable institutional arrangement—the Baker Plan or others—where we can take the wreckage of Latin America and have it managed in international markets with the discipline it should have.

In this respect, I happen to think that the Baker Plan was right on target, but in reality, it has simply not worked out. I have some firsthand experience in Latin America, where I served 25 years ago as an economic adviser to the government of Chile.

Chairman LAFALCE. Since you've mentioned that, this is going off base, but there are many forms of human rights. One form of human right is a job for an individual and a decent wage for that job. A wage that will not be undermined by the ravages of inflation.

So, to that extent, the people of Chile have been fortunate, at least in comparison with their other South American brethren, because the economic conditions in that country have improved considerably for a fairly wide audience within the Chilean community.

That's my understanding of the economic situation there. I don't think that fact is brought out enough. I'm sorry for——

Dr. HOWELL. No; I happen to have been involved in U.S. implementation of the University of Chicago project in Chile in December 1963.

Chairman LAFALCE. Who's responsible for all that?

Dr. HOWELL. That's when we funded the advisory role of University of Chicago economists in Chile who brought with them free-market policies.

There are two kinds of human rights. One is delivered by the market mechanism, the one you speak of. The other is delivered by parliamentary or elected procedures.

I think it is undeniably true that during some of the time since 1973, economic human rights have probably been treated somewhat better in Chile than in many Latin American countries.

However, the human rights that are delivered through the parliamentary system have been poorly treated there, indeed providing a black mark in the history of Latin America.

If that's categorical, I'd like to make it more categorical. I don't think the human injustices in Chile can be condoned under any circumstances.

But to end on a more happier note, in my own view, a longer-term debt-servicing mechanism, through something like the debt agency you propose, would be constructive.

I happen to think that now that we have tidied up our relationship with Canada with the Canadian Free Trade Agreement, that this is the time for the United States through the leadership of Congress to begin to examine the potentiality of a western hemisphere common market to include our Latin American neighbors.

Chairman LAFALCE. The only problem is we haven't really tidied up. We may have done our part, but I don't know whether Canada will do their part.

I'm fearful that the Free Trade Agreement will not be approved in Canada.

Dr. HOWELL. Yes.

Chairman LAFALCE. If that's the case, not only might we not have tidied it up, but it might be a very untidy mess we will have to deal with in the future.

Dr. HOWELL. I share your concern. We will benefit from the trade act.

Chairman LAFALCE. As does Canada.

Dr. HOWELL. Yes.

Chairman LAFALCE. Even more so.

Dr. HOWELL. Yes; absolutely, and, as you are well aware, we run a trade deficit with Canada.

Chairman LAFALCE. Which offers special opportunities for the small business community.

Dr. HOWELL. Absolutely. Thank you very much for the opportunity to exchange views with you. I welcome that.

Chairman LAFALCE. Let me just ask one more thing because you represent a bank. Has Bank of Boston become involved with export trading companies?

Dr. HOWELL. Bank of Boston is actively considering its options with regard to participating in some form of export trading company.

Chairman LAFALCE. All right, because I authored the export trading company legislation in 1982, and made some changes in it this year, and have been rather disappointed.

I intended the export trading companies to be of special benefit to the small business community in enhancing their export capacity. It has not met expectations.

I would be pleased to see that. I remember New England was one of the chief promoters of the export trading company concept.

Dr. HOWELL. That's my recollection; yes.

Chairman LAFALCE. Well, we could go on forever, but we're not because we have a good many other witnesses we're also anxious to hear.

With that I want to thank Mr. O'Connor. Thank you, Dr. Howell.

Dr. HOWELL. Thank you, Mr. Chairman.

Chairman LAFALCE. We appreciate it very much. We now ask panel number two, Mr. Bagley, Mr. Campbell, and Mr. Hohenstein. Why don't we hear first from Mr. Andrew Bagley, the executive director of the Massachusetts Office of International Trade?

TESTIMONY OF ANDREW C. BAGLEY, EXECUTIVE DIRECTOR, MASSACHUSETTS OFFICE OF INTERNATIONAL TRADE AND INVESTMENT

Mr. BAGLEY. First let me thank you, Mr. Chairman, for allowing me to testify this morning. I apologize for not having prepared remarks for you, but I wasn't able to get them done in time.

Let me focus for a couple of minutes on how we, as a State government, are trying to increase exports from Massachusetts companies and then talk about some of the problems that I see from our vantage point.

We've been in operation for 4½ years, and we have crafted our programs very carefully by looking at what other States do and what the private sector currently provides before embarking on our own proactive export programs.

We have divided the needs of the small business community into three areas, although they're quite general.

The first area is in education and counseling. It can typecast as convincing companies to export, the one-on-one counseling and seminars, or whatever it takes to inform companies of opportunities overseas.

The second area would be along the marketing side where you've actually got companies committed to looking for buyers and need to take that proactive step across countries to find and identify qualified buyers.

Finally, I'd say the area of negotiating deal-closing where you can actually consume the deal.

Our office decided that we were not going to get involved in the education counseling piece of that. We don't run seminars. There are enough people who do that for a living.

We don't engage in one-on-one counseling except when it's requested, but we don't specifically go out and promote that.

As a government, we are not in a position to close deals and negotiate for companies. That's not our role.

So, we have focused on setting up targeted joint marketing programs for specific industries.

The way we do that is to match supply and demand. We take a look at the Massachusetts technology companies, and we design specific marketing programs for the biotechnology industry, the software industry, the medical products industry, and so forth.

We have eight different areas that we work on. We sit down with the business people in that industry sector, like biotechnology, and we'll talk to them about what markets are they most interested in,

whether it's Europe or Asia, and more specifically, Japan, Taiwan, the U.K., or Germany.

We'll design an export program whether it's a trade show, trade mission, or Government accord tailored to the specific needs of that company. That's what we do.

We focus on joint marketing programs. We have been reasonably successful in our efforts principally because we focus, and we try to stay out of those things that we don't do well or don't have the resources to do.

Over 4 years, this has led to some wonderful experiences and probably many more frustrations.

Now, I'd like to turn away from who we are and what we do to what are some of the problems, and what are some of the experiences we run into.

Friday, I was down in New York talking to a German banker, and he said he really admires America. He says that we make top quality products and now, given the exchange rate, we are very price competitive with one exception. Americans don't know how to export.

You've heard this before, and we deal with this everyday, but it's absolutely true.

When we started looking at our programs, we decided to target small- and moderate-sized companies. Many of the companies, Jack Rennie's Pacer Systems for example, and many of the companies that Dr. Jim Howell was talking about, fall into two categories.

This is maybe a simplistic and unfair bimodal distribution, but I think that they legitimately can be divided into two areas, those companies that are committed and interested in increasing their exports for whatever reasons.

That usually comes from the top down. That's usually because the chief executive officer of the company has decided that he or she wants to be in the international marketplace. I think Jack Rennie is a perfect example of that. He decided 10 years ago he wanted his small company to be positioned for international markets.

The needs of that group of companies are very different from what I think are a far larger portion of companies which I would call reluctant exporters, small companies, or moderate-sized companies that make unique products in demand overseas, but those companies for whatever reasons are not committed to selling overseas.

The first group of companies, those that are committed to exports, typically need access to information, whether it's our marketing programs or what Frank O'Connor at the Department of Commerce is doing, or the SBA, or the various banks.

There are enough resources out there. There is enough free information out there, but our job is to coordinate and to direct companies to where they can get the type of services they need.

For example, we have worked with Jack Rennie quite a bit. We happen to be leading a trade mission to India in about 2 weeks. I spoke with Jack Rennie and convinced Jack he should go. Now Jack said Pacer has not done anything in India yet. They have done a lot in Europe. They have done a lot in China.

But here is a case where, again, it is just information sharing. People find out what is out there and take advantage of it.

We could all do it a lot better. There is no question about that. But the services are there.

The second group though, the reluctant companies, I am not quite sure exactly how we can help them.

We were in London 3 weeks ago, and I spoke with a British venture capitalist about investments he makes in companies. We were promoting Massachusetts companies that are looking for access to the European marketplace, through a joint venture partner.

We figured one of the audiences in Europe would be the financial community, the banks and venture capitalists who have already made investments in similar-based technology companies.

His comment was that, if a U.S. company is not prepared to take their number two person and put that person in Europe for a prolonged period of time, then they have absolutely no interest in doing business with them because that small company or moderate-sized company has not demonstrated the commitment to engage in international trade.

Chairman LAFALCE. The number two person, that's pretty——

Mr. BAGLEY. For a small company.

Chairman LAFALCE. Yes.

Mr. BAGLEY. But he wants a decisionmaker. It could be a number three person depending on the size, but he wants a decisionmaker over there who is willing to spend time there, not come over to a trade show and go back.

He's looking for a company that will stay in London until they cut a deal. We find that it is often easier to identify and qualify foreign buyers than it is to encourage a Massachusetts supplier to give a quotation.

Too many times we have come back with very good leads from people who have money and want the product, and we cannot get a company here in Massachusetts to react.

It is frustrating. I understand though the costs are high, financial costs, time costs, risk costs. We were talking to a couple of software companies about coming with us to Germany back in April.

About four companies told us they could not go because they could not afford to take 10 days to be in Germany. It is understandable that for a small business, their market is here. You have to be here to service that market.

But you are never going to be able to really expand your business if you are not prepared to have someone in some capacity be over in a foreign market negotiating for you.

You need someone who can close deals. Let me just turn to two areas to follow up on the earlier panel.

Back in 1983, I worked for Paul Tsongas, the Senator from Massachusetts who strongly supported the Export Trading Company bill.

It has been a pet project of mine when I was back with Paul and for the 4 years I have been at the Office of International Trade to find out what went wrong with export trading companies.

I can tell you that the Bank of Boston had an export trading company and it has been spun off. It is not part of the bank anymore.

I think four of the five major Boston banks had export trading companies. None of them have them anymore. They have been a colossal failure.

Why have they been a failure? I think you probably have better answers about that than I do. I do not think export trading companies belonged in banks in the first place.

Jack Rennie and I have discussed it in the past. I think the Export Trading Company bill ended up in the Banking Committee, and looked more like a banking bill than a trading company bill.

But I think it does scare people when you take a look at what Sears tried to do with Frank Carlucci. If Sears is not able to operate an export trading company with the volume of business they do internationally, it makes others worried about how one would do it.

Chairman LAFALCE. What do we do? Because we are not getting the small businesses over there, and we need somebody over there assisting the small businesses back here who don't have that marketing capacity.

We are not going to get a number two or number three guy to spend 6 months or a year.

Mr. BAGLEY. That's right.

Chairman LAFALCE. That is not going to happen.

Mr. BAGLEY. That is right.

Chairman LAFALCE. So, we have to come up with some instrument, whether it is representatives over there, or whether it is some companies here that also have representatives there that can be utilized by the small business.

I am not worried about the IBM's, and I am not worried about the Eastman Kodak's. They can handle themselves.

Mr. BAGLEY. And they do. I think the export trading company concept has not been adequately tested. I think that they are set into place by the banks thinking that this will be a profit center very soon. We will invest large amounts of money which one could take that approach.

Banks proceeded by acquiring a tremendous amount of expertise both in capital and people and then looking for deal-flow, hoping that the deal-flow would pay for the cost.

Well, they found out that they did not have deal-flow. It just was not there. So, they had to go out and create deal-flow. Well that takes a long time.

I don't think the banks are willing to do that again. An export trading company or an export trading company look-a-like, something along those lines.

We have to be able to fill the gap in the private sector. Certainly Government is not about to play that role and do it or should not be doing it.

But in the private sector, people who are capable of closing deals for small companies.

One of the first things our office did was to put together an export services directory, a yellow pages of every service you might need including freight forwarders, translators, export management companies, export trading companies, banks, you name it. Virtually every export management company and export trading company in there is relatively small.

I could set one up with a friend in France, and a friend in China, and appear in this book.

When you give this to a company, $20 million or $30 million company, there aren't a whole bunch of people you feel comfortable calling up and saying, I'm going to turn over my international business to it.

So, I think we have to find some way to allow larger corporations or people with deep pockets to step slowly into filling that gap.

I frankly do not know exactly how to do it, but as much as I have read Jim Howell's report, I was impressed to reaffirm that some of these new technology companies are growing up more internationally minded.

But one also has to ask the question, when you send out 6,000 surveys and you get 400 answers, where are the other 5,600 companies? There is a large population out there you did not hear from.

I think that if we're ever going to take that whole area and really propel them into the international marketplace, it has to be something like an export trading company that can provide that service, and I don't see it in this society today.

One other, I don't know where else I can take that comment. It's sort of—I think there are entrepreneurial ways of doing it.

Chairman LAFALCE. Why don't we just stop right there, Mr. Bagley, and come back to you?

Mr. BAGLEY. OK. If I can make one other remark, and that is on the Third World debt. I think there has to be some thought although it will not resolve the problem, of institutionalized counter trade.

If we're really serious about trading in areas of the world that do not have foreign capital we have to, as a country, find mechanisms to develop counter trade as a way in which small- to moderate-sized companies can take advantage of it.

Chairman LAFALCE. Small what?

Mr. BAGLEY. Small companies can take advantage of counter trade. In fact, Bank of Boston and General Foods Corp. came together about 2 or 3 years ago to institutionalize counter trade in something called international trading certificates, a very creative use of paper, commercial paper to support counter trade deals.

They've done one in South America. They also did one in an eastern bloc country. To my knowledge, Bank of Boston is basically out of that business.

I think they weren't very comfortable with the way this was going. My office has given a couple of presentations in China on international trading certificates, counter trade. It is a different approach.

Chairman LAFALCE. How prevalent is this?

Mr. BAGLEY. I think you'll find that there is a tremendous amount of world wide trade going on using barter. The problem is that the United States sets up a lot of barriers to that.

The U.S. Department of Commerce does not have a policy that supports it. Treasury is opposed. Justice is opposed as has been described to me for a number of reasons.

Chairman LAFALCE. Does OECD have any measurements with respect to it?

Mr. BAGLEY. They may.

Chairman LAFALCE. This is very interesting. It's about the second time I've heard it in the past week, I mean this proposal. It's something to look into.

Mr. BAGLEY. I can get you information on the International Trading Certificates Program, how they set it up.

Chairman LAFALCE. Yes; I would appreciate that.

Mr. BAGLEY. OK.

Chairman LAFALCE. That's interesting. Thank you very much, Mr. Bagley. When did you start working for Paul?

Mr. BAGLEY. 1982.

Chairman LAFALCE. He and I started the same day together on the International Trade Subcommittee on the House Banking Committee. I worked very, very closely with him over the years.

Next, we'll hear from Mr. Hohenstein.

TESTIMONY OF WILLIAM H. HOHENSTEIN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, LOGOS CORP., DEDHAM, MA

Mr. HOHENSTEIN. I'd like to thank you for inviting us here today. Unfortunately, I do not have prepared comments either, as I arrived from Europe last night.

Chairman LAFALCE. Thank you for being here.

Mr. HOHENSTEIN. So, it's very topical in my mind. I think what we're talking about here is pivotal to the success of small and large business in this country.

It's literally a tragedy what has been occurring, because it does not have to occur. Some of the occurrences of course are structurally related, the strength of the dollar in foreign markets, U.S. products, our knowledge of foreign markets, and foreign operation costs.

To compete overseas is a very expensive game for a small company. Political redtape, and legislation, personal hiring and firing practices in these foreign countries are very different than the United States.

Last, are the cultural differences, perceived and real.

I spent years in international marketing where we talked about understanding the cultures of foreign countries. Yes; that's critical.

In Western Europe, the culture is very similar to that of Americans. The biggest barrier and obstacle is communicating in the native language of their country.

That is what our company is all about. I think we are uniquely qualified to address a committee of this nature because of the many perspectives we can give on this subject.

Logos Corp. is a small company, under 100 people, involved in the forefront of high technology and artificial intelligence.

We are producing computerized systems that intelligently and automatically translate one natural language to another.

We can take an English text and translate it automatically and intelligently to German.

Now, referring to Mr. Howell's remarks earlier, we have been dealing internationally long before we became a domestic competitor.

Chairman LAFALCE. Could I just understand your business a little better? As I understand, you take this sheet of paper in English and you press a button that says Spanish and you get another

piece of paper out which translates this from English into Spanish automatically?

Mr. HOHENSTEIN. Exactly.

Chairman LAFALCE. OK.

Mr. HOHENSTEIN. It's intelligent enough to understand the difference between floating a bond issue or floating a ship and what the appropriate translation should be.

Chairman LAFALCE. Yes.

Do you take the tape that this gentleman is making right now, and would you take that tape in English or Spanish and convert it into the other language, or is it just the written document?

Mr. HOHENSTEIN. It's the written. There are other companies which offer voice recognition equipment that can capture that tape, digitize it, and then we would take it and translate it to another language.

Chairman LAFALCE. OK. Is this something unique?

Mr. HOHENSTEIN. Absolutely unique in the world.

Chairman LAFALCE. You're the only company that provides this service?

Mr. HOHENSTEIN. We are the world's leader in this field.

Chairman LAFALCE. You're the world's leader, but other companies are doing it?

Mr. HOHENSTEIN. There are other companies, and that's part of my story, Mr. Chairman.

Chairman LAFALCE. Is this a special patent that you have or need? Do you need patent protection?

Mr. HOHENSTEIN. No; we don't patent this again because the software patent laws being what they are, we're safer not to patent our technology. By patenting software, you basically open the door for imitation and copying.

Chairman LAFALCE. I don't understand that, but we'll discuss that some other time, OK?

Mr. HOHENSTEIN. OK. The point that I wanted to make is that although the company was founded in 1969, we have only commercialized the product in the last several years. We began selling in Germany. We have an office in Germany, and one in Switzerland, and we have two offices in Canada. Only last year did we open up an office in the United States.

So, we have grown up at the far end of the spectrum. Basically we have been an international company for the last 6 years.

Second, the very nature of our product facilitates trade. Translation is strategic to international competition. Large companies such as IBM will tell you that they were late getting their PC product into France by over a year because of slow translation.

Chairman LAFALCE. When our trade negotiators are dealing with the Japanese, one of the big problems is that it takes them forever to get translations.

Does our USTR know of your service?

Mr. HOHENSTEIN. Probably not, and that's my point. I certainly am glad to be here just to meet Mr. Bagley.

You can see the communication gap here. Logos is a small company of less than 100 people. How do we avail ourselves of these resources?

The most frustrating thing is that we are working cooperatively with the Canadian Government, the Belgium Government, the Swiss Government, the Italian Government, and the Portuguese Government who have proactively come to our company to help us!

In this country, we have sought sponsorship from our Government and/or development funding, but each time we have been stonewalled.

Maybe it's a matter of information sources and an imperfect market, but how do you explain our relationship with five other governments across the world who have given us money to facilitate operations and/or development of this product?

What's so unfortunate about this, is that there is only one other company in the United States that is even working on this problem.

Considerable European money, nearly $70 million, is going to a project called Eurotra which has been funded by the EEC.

Translation is a strategic part of international competition, and we cannot get funding from our own Government.

Chairman LAFALCE. To what extent have you tried? Have you applied either through the State or through the Federal Government?

Mr. HOHENSTEIN. In the 1970's, we did have two development contracts with the U.S. Government. One, we were actually translating in 1970, helicopter manuals, English to Vietnamese. That was funded by the Air Force.

Later, a pilot project was funded by the Air Force from English to Russian.

We are in contact with probably 20 U.S. agencies. As a matter of fact, the department of engineering and housing in Europe is using our system to translate German instruction manuals into English. So, we have several installations there.

Again, as a small company, one of the real issues we face is making the world aware of us.

Chairman LAFALCE. Are you public or private?

Mr. HOHENSTEIN. We are privately held, venture capital funded.

Chairman LAFALCE. SBIC's?

Mr. HOHENSTEIN. No; just pure venture capitalists. We've spent over $25 million in the development of this technology.

A small company lacks the resources to pursue the international activities we are discussing today. These should be supplied by various agencies that are, for example, here today.

You asked Mr. Bagley what would he recommend. Having observed other countries do this for many years, why don't we imitate people who are successful at this?

What comes to my mind is the example of the Neuchatel government in Switzerland. The Canton of Neuchatel is part of the Swiss federation. Neuchatel was the world's premiere watchmaker before the Japanese came along.

That industry was devastated. So, they took a very proactive and creative way of bringing foreign investment into that Canton.

Switzerland is unique because it is the most difficult country in the world to get people work permits in. It's virtually impossible.

The Neuchatel government trade representatives spent a year doing fact finding to determine what would bring American and other foreign investment into their country.

They were smart enough to hire American businessmen and lawyers to talk to prospective American companies. Their representatives proactively visited selected high-technology companies in this country to solicit them to locate in Neuchatel, Switzerland, and that's what Logos has done.

The second suggestion that I would make regards having a lower tax rate from foreign investment and from foreign subsidiary profits.

I think capitalism would react to that very positively.

Third, small companies need financial help with some kind of cost subsidy. A subsidiary operation can be very expensive. We have 25 people in Germany. It's a sales and sales support operation. It's not a factory or an R&D center. It costs us nearly $1 million a year.

An American company may not realize that they might be able to hire a sales manager for $50,000 in the United States where that same person would cost over $100,000 in Europe.

Much of these costs depend upon the exchange rate. However, real personnel direct and indirect costs are tangibly higher in Western Europe.

Finally, resources, a small company just does not have enough skilled/experienced resources. I have been personally involved with each of these foreign deals where we have been funded by a foreign government. In Belgium, I dealt with the president of the Walloon region of Belgium.

Chairman LAFALCE. Do these foreign governments get some equity interest in your company because of this funding?

Mr. HOHENSTEIN. None. No; they believe Logos has a very exciting product, and they recognize the importance of translation in international trade and communication and are willing to facilitate and expedite the availability of that technology.

Conversely, the U.S. Department of Commerce publishes a very nice book called Export Now. We have talked to many of the agencies and people mentioned in this book. They all have said they had not even thought about translation, and they don't refer to it in the book. They say that's an excellent idea.

The first thing you discover when you travel internationally is, if you cannot communicate with a person in his native language, you have a tremendous barrier to do anything else.

So, in conclusion, even though my text was not prepared, I thought it was a worthwhile opportunity to be here and present some of the real issues that we face.

There's a lot of rhetoric taking place with respect to international trade. We have experience with corporations from the Fortune 500 down to $20 million corporations. We see the differences and the similarities.

I have several years of international strategic consulting experience. Many large corporations, until very recently, had a market perspective that focused on the United States and then one amorphous "rest of world."

We know people who still produce their documents in English and say if people want to use our product, they'll use it with English documentation. They don't.

It's a very naive and frightening attitude.

If we would attempt to understand more of foreign cultures, particularly of Western Europe which is the most closely aligned culture to our own, it would be most beneficial from a business perspective.

The Europeans would welcome us. But we have to make the effort. Instead of thinking of English as a universal first language, we must realize it's a universal second language at best.

It's a very humbling experience when you meet a multilingual executive in any European country who is fluent in English, and you stutter as you attempt some basic communication in their language.

Chairman LAFALCE. Will the coming changes in the European Common Market which will culminate in 1992 make it that much more difficult for us to access that market?

Mr. HOHENSTEIN. We have just seen a tremendous increased interest in our product from several major European banks who now see themselves not as a German bank that deals in Europe, but a true European bank.

It's similar to the deregulation of our banking system here. They are becoming much more aggressive and view the United States as a wide open market. They realize most American companies are naive regarding the European market and its potential.

Chairman LAFALCE. Very good. Thank you very much, Mr. Hohenstein. Let us next hear from Mr. Michael Campbell, president of Nova Technologies on behalf of SBANE's international trade committee.

TESTIMONY OF MICHAEL CAMPBELL, CHAIRMAN, INTERNATIONAL TRADE COMMITTEE, SMALLER BUSINESS ASSOCIATION OF NEW ENGLAND, INC. [SBANE], AND PRESIDENT, NOVA TECHNOLOGIES, GLOUCESTER, MA

Mr. CAMPBELL. Thank you, Mr. Chairman. I'd like to thank you for the opportunity to appear here today and testify as chairman of the International Trade Committee of the Small Business Association of New England, on behalf of our 2,000 membership and ourselves regarding some of the problems facing the New England small business community and the potential for exports in international trade.

Your ongoing commitment to hearing the needs of small business in this area is sincerely appreciated.

Prior to preparing this testimony, I reviewed my previous testimony to your committee of March 24, 1987, to see what might have changed, and in particular what new issues should be discussed in light of the ever-changing market conditions that prevail.

Looking over this testimony, however, I believe the basic premise for small business remains the same as I so stated last year.

That is, what is needed today is simple workable solutions that will act as a direct catalyst to prime the pump, to promote internatinal trade in the form of export sales, and create new jobs.

What is not needed today is grandiose legislation that once enacted is difficult to understand, cumbersome to implement, and in the end, dies on the shelf for the same reason.

I then went on to say that I felt the bottom line answer to the problem lay in three major areas.

They are education, incentives, and Government. I believe these same three criteria hold true today, and to this end I'd like to focus my testimony more directly on these three issues as well as another matter which I believe we must now factor into the equation.

Education: There's no question that since my last testimony everybody is becoming much more aware of the opportunities in export and international trade available for the smaller company.

Indeed, last week the SBA and AT&T sponsored a major 2-day seminar entitled, "Small Business—the World is Your Market."

Other programs are under way with the U.S. Department of Commerce and legislative groups, both State and national.

Trade associations like the International Business Center of New England continue to increase their efforts to the educational area to promote international trade and exports vigorously to the export training school.

A group of local universities in the Boston area now has a program that provided graduate students to companies at a very nominal charge to conduct broad-based market studies about the potential of exporting that particular firm's product overseas.

At SBANE, we are launching a new program this fall called the export dialogue which is specifically targeted to address the needs of the owner/manager of the small firm in identifying and overcoming their fears and getting them started in international trade.

Nevertheless, small business will still need help to conduct the technical side of international trade once the commitment is made to export.

Hence, there still exists the need and will exist a need for people who can move the paperwork.

Accordingly, any congressional support for international programs in 2-year colleges and SBDC's that will provide well-trained technical people at an affordable price would be a great asset in helping a firm to perpetuate the commitment once it is made.

Bunker Hill Community College in Charlestown has had such a proposal up for funding for some time now, and it should be strongly supported as it is a fine program and targets the needs of small business directly.

Such a program is also a winner from Government's point of view in that the jobs are created in completely new areas of business incentives.

In my March testimony I indicated incentives are also needed to get the attention of small business and get them thinking, "How can we take advantage of that incentive?"

Specifically, I believe in the form of a direct incentive that everyone can understand, a tax credit.

A direct tax credit, no complicated calculations, no complex testing requirements. Just a tax credit that a small business can take directly against income in the same way that a 10-percent investment tax credit used to work.

Regardless of all of the enthusiasm engendered by the educational and promotional program, business will always look for financial reasons to undertake such a new venture.

It is a reality that most small business people perceive that entering international trade will be costly, time consuming, and the future benefits may be uncertain.

Or a better way to prompt them to make a commitment and to get them to overcome some of these fears than a tax credit.

As I stated in my March presentation, such a credit would be applicable to companies with gross sales up to $25 million, and a company could receive credit for all phases of startup training and implementation of their international sales activity of their firm.

A credit could also be taken for retraining of employees whose skills have become redundant due to foreign competition.

Government cooperation: There's no question the recent budget cuts have hindered DOC and SBA from doing a normal high standard of work.

While I realize the implications of Gramm, Rudman, Hollings, there's no question that in order to stimulate trade, you have to make additional investments to the DOC to get the ITA representatives out in the field with good promotional documentation to back them up.

The ITA representatives are in many cases the small businesses first contact when they consider exporting.

From our experience, the ITA officers have always been knowledgeable, considerate, and very helpful. They will need more and better resources and financial support from the Federal Government if they're going to continue to do their job in the best professional way.

I believe this money will be well invested for, as I said earlier, as export grows, so will jobs, and jobs are votes.

Small business banking, the next major hurdle. One area that I've not seen properly addressed in all the discussions of small business and export is the very life blood to any business, banking.

One of the major problems in getting a company involved at an early stage is that huge difference in banking procedures between the United States and other countries in the world.

For instance, I can be in a town of 500 people in West Germany or Scotland, and not only can I find out what the exchange rate is for the U.S. dollar at the local bank, I can change my money on the spot.

This is not always in the United States where visitors have to make sure they travel with plenty of U.S. dollar traveler's checks or convert their foreign funds while they're still in a major city.

What is the difference? In other countries the banking is done by very few banks on a national level, while in the United States, banking is much more diversified.

As such, it is often only the big city banks that have any good working knowledge about the technicalities of international banking which can hurt the small business person when he or she does not have access to them.

Let me illustrate this point with a true story. Some years ago we decided to add a new line of instrumentation which we imported from Europe.

The market looked good. But in order to achieve the economies of scale in purchasing and pricing, we needed to order 20 units from the manufacturer at once, which was on the order of about $30,000.

I approached the Bank of Boston for an inventory loan against which I had raised a letter of credit to pay for the goods.

The risk was low as I had already had several of the units presold, and the receivables were with large, well-known companies.

We had our account at the Bank of Boston for a number of years, but at the time they had just reorganized, and my new bank officer serviced retail accounts in Revere, knew nothing about international trade, and said, "No."

I then went looking for money at local banks on the north shore. At the first two, the officers listened patiently, but then respectively said they did not feel comfortable in doing the deals since it was an international transaction.

At the third bank, however, the banker listened intently. He was quite enthused about the deal and told me he would get back to me in the afternoon of the morning I met with him.

Sure and true to his word, the telephone rang and when I answered it, my banker was on the line.

"Hello, Michael," he said. "Well, I have good news for you. We have decided to do the deal but only on one condition——"

At that time, a rash of thoughts ran through my mind. What does he want, security, my wife, my children, or maybe even worse, that new chain saw I got for Christmas?

What is the condition I asked hesitatingly? "Only this," he said. "If you can fill out the form for the letter of credit application, we'll give you the money. I'm sorry. But no one here knows how to do it." I did, and we got the money.

The story is amusing, but it also poses the question as to how many opportunities are lost because neither the banker nor the customer knew how to fill out a letter of credit application in a small U.S. town.

This means a loss of value added sales which can ultimately lead to the loss of new jobs which certainly does not help reduce our trade deficit.

Let me tell you another story. About 3 years ago we were beginning to receive some interest in our products from overseas markets.

I approached one of the major Boston banks about setting up an international account with them to deal with this business.

"Sure, we'll be pleased to have your business," said the international bank officer I was talking to. "Just be sure to open a minimum deposit of $20,000 designated to this international business, and we'll give you all the service you want."

We found that without this commitment, small business takes too much of our time for the rewards that we get from it.

It is true. Unfortunately many small businesses when they first begin to export can have a difficult time in understanding the terms and terminology of international business.

They do require more work at the beginning than a Raytheon, Cabot Corp or Digital Equipment Corp., when in-house international staff handles all these matters professionally.

But we, as small businesses, have to be given the opportunity to start somewhere, and if our local banks are unable to provide the resources then we have to go to the major urban banks.

My recommendation? As before, we do not need to revise the entire banking system. Where Government can help both the big banks and small business is to help fashion a link or make it easier for the large banks and small business to work together.

Again, I recommend some form of financial credit or incentive that a major bank could get for creating an international small business banking group.

And the only way they could achieve this incentive would be through a track record of soliciting and developing small business customers.

Despite all the progress, at the end of the day, access to major financial institutions and money availability is going to be the driving force behind the success or failure of our efforts in international markets.

Banking is of prime importance in international trade, and without a good financial mechanism for small business, our programs and good intentions are doomed for failure.

Finally, let me close by telling you a little bit about Nova Technology Corp. We're a small, 5-person electronics company located in Gloucester, MA, on the north shore of Boston.

We manufacture a line of electronic instruments that are used by skin care companies, universities, dermatologists and as such.

Our customers include well known names like S.C. Johnson and Sons, Mary Kay Cosmetics, Avon Products, Limited, Estee Lauder, the University of Pennsylvania, department of dermatology, University of Leydon, Holland, Kimberly Clark, to name a few.

All of our products are made in the United States under subcontract, and several of our major supplying vendors are located right on Cape End.

We are already exporting on a regular basis to Europe. From the American New Products Press Release run through the Department of Commerce, we received over 75 leads in distributor increase.

We now have distributors in Holland, The United Kingdom, and are finalizing an agreement in France.

In November of this year, I shall go to Italy and West Germany where the U.S. Department of Commerce distributed a matchmaker program and expect to have distributors in Italy and West Germany by the new year, selling, selling, selling our excellent American products.

Export presently represents 25 percent of our current sales. In 5 years, we estimate that figure could go to one-half our sales.

If Nova Technology Corp. can grow a business overseas with specialized product and limited resources, there is no reason why other small companies cannot begin to develop some of the benefits from the global markets that are hungrily awaiting our shores.

Once again, Mr. Chairman, many thanks for the opportunity to present this testimony. I shall be pleased to respond to any questions.

[Mr. Campbell's statement may be found in the appendix.]

Chairman LAFALCE. Well, I thank you very, very much. I don't have any additional questions right now. I wonder if there are any additional comments, Mr. Bagley, Mr. Hohenstein, or Mr. Campbell would like to make? Mr. Bagley.

Mr. BAGLEY. One comment I'd make. You might want to check with the New York-New Jersey Port Authority and the Virginia Port Authority both of whom operate export trading companies.

They're obviously designed to assist the services and expand the business of the port. But they are two Government institutions that are running export trading companies.

Chairman LAFALCE. OK.

Mr. CAMPBELL. I have a question, Mr. Chairman. To what extent do you—maybe Mr. Bagley can answer this. To what extent do you tie the failure of the export trading companies with the strength of the dollar that occurred at that particular time?

As I recall the height of the time that they came out was when the dollar was at its strongest level ever.

Chairman LAFALCE. That's a good question. Legislation was passed in October 1982.

Mr. BAGLEY. You didn't really see the dollar peak until mid to late 1985.

Chairman LAFALCE. February 1985 it was about 265 yen to the dollar. So, it rose steadily from October 1982 to then, but I've forgotten exactly what it was.

But it was pretty high from 1982 to 1985; yes. They didn't start up in October 1982. It took them over a year before the Fed promulgated the rates, et cetera.

Mr. BAGLEY. But I think there is a little bit of a naivete in the creation of these export trading companies where people are ready to invest a lot of money to set them up without clearly defining what their mission was, and who their clients were, and how they would pay for themselves.

I think obviously that may have contributed to some of the problems, that likely clients and contracts may have dried up.

Chairman LAFALCE. Earlier, I referred to Massachusetts as being the ninth leading exporter among the States. Does anybody have data on a per capita basis? Would Massachusetts be much higher?

Mr. BAGLEY. We would be. I can get you figures.

Chairman LAFALCE. I was just curious.

Mr. BAGLEY. We are the ninth largest in dollar volume, but California is first by magnitude. But since there are only 6 million people here, I think per capita.

I know in terms of jobs, the ratio of jobs to exporting the number percentage of jobs employed in Massachusetts for exporting is third in the country. Connecticut is first. Massachusetts is third.

Chairman LAFALCE. What do you mean, the number of people in your State that have jobs relating to exports?

Mr. BAGLEY. Five percent of jobs are directly related to exporting. I've seen that figure from the U.S. Department of Commerce.

We can get you figures on the per capita.

Chairman LAFALCE. I was just curious. I thought you might have them on hand. I want to thank the three of you as I want to thank the three individuals on the previous panel.

This has been very interesting and informative. I'm extremely interested in enhancing all America's businesses' ability to export, but particularly the small business community's ability to export.

I don't think that the small business community has been considered that much whenever we've talked about our export performance.

It is my intention as chairman of the Small Business Committee to ensure that the small business community is considered.

I do think that with respect to the Export Trading Company bill, it was viewed primarily as a banking bill rather than what I always intended, a small business bill.

It was viewed as a vehicle to assist the small business community. I think the banks though, when they got into it, didn't view it that way, and they found out it wasn't necessarily in their best interest and bailed out.

So, we have to come up with some other mechanisms to be of assistance. We hope to do that. It's all interrelated though.

We got off into a discussion with Dr. Howell about Third World debt, and the value of the dollar, and the reserving practices of the banks, et cetera, but it is all interrelated.

We came back to Mr. Campbell's statements about Bank of Boston.

We've worked with a good many of you in the past, and we look forward to working with a good many of you in the future, on these and other issues.

With that, thank you very much.

[Whereupon, at 12 p.m., the committee was adjourned, subject to the call of the Chair.]

APPENDIX

STATEMENT OF REP. JOHN J. LaFALCE, CHAIRMAN,
COMMITTEE ON SMALL BUSINESS

HEARING ON INTERNATIONAL TRADE

SEPTEMBER 19, 1988

GOOD MORNING LADIES AND GENTLEMEN. LET ME JUST SAY THAT I AM PLEASED TO BE HERE IN BOSTON -- HOME OF A GREAT BASEBALL TEAM, THE BOSTON RED SOX.

TODAY, THE COMMITTEE IS EXPLORING THE INVOLVEMENT BY THE SMALL BUSINESS SECTOR IN THE INTERNATIONAL TRADE ARENA. THIS HAS BEEN A LONG-TIME INTEREST OF MINE. I THINK IT IS SIGNIFICANT THAT WE HAVE COME TO MASSACHUSETTS SINCE IT RANKED 9TH NATIONWIDE IN EXPORTS IN 1987. CERTAINLY, THE SMALL COMPANIES IN THE HIGH TECH CORRIDOR AROUND BOSTON PRESENT A GREAT RESOURCE FOR FUTURE EXPORTING.

I AM PROUD TO HAVE BEEN ACTIVELY INVOLVED IN THE OMNIBUS TRADE BILL, WHICH HAS NOW BECOME LAW. RECOGNIZING THE UNTAPPED EXPORTING CAPABILITIES OF NOT ONLY OUR HIGH TECH FIRMS, BUT OF ALL SMALL BUSINESSES, MY COMMITTEE INSERTED A PROVISION INTO THAT TRADE BILL THAT IS SPECIFICALLY AIMED AT IMPROVING THE COMPETITIVENESS OF OUR SMALL BUSINESS SECTOR.

BUT MORE CAN BE DONE; THERE ARE MANY AVENUES THAT WE AS LEGISLATORS STILL NEED TO EXPLORE. THAT IS WHY WE ARE HERE THIS MORNING -- TO LISTEN TO YOUR PERSPECTIVES ON WHAT THE GOVERNMENT ROLE SHOULD OR SHOULD NOT BE, AND WHAT ACTIONS CAN BE TAKEN TO ENCOURAGE EVEN GREATER SMALL BUSINESS INVOLVEMENT IN THE INTERNATIONAL ARENA.

I DON'T NEED TO TELL YOU THAT THERE IS A HUGE WORLD MARKET OUTSIDE THE UNITED STATES THAT IS FOUR TIMES LARGER THAN OUR OWN. AMERICAN GOODS SHOULD BE AS COMMON OVERSEAS AS OTHER NATION'S GOODS ARE IN THE UNITED STATES.

BY EXPANDING OUR EXPORT TRADE, WE COMBAT OUR TRADE DEFICIT, CREATE JOBS IN AMERICA AND FUEL OUR NATION'S ECONOMIC GROWTH.

WITH THOSE THOUGHTS IN MIND, LET US BEGIN THE HEARING.

NICHOLAS MAVROULES
9th District, Massachusetts

COMMITTEES
ARMED SERVICES
SMALL BUSINESS

CHAIRMAN
Subcommittee on Procurement, Innovation and Defense Technology Development

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OPENING STATEMENT

CONGRESSMAN NICHOLAS MAVROULES

COMMITTEE ON SMALL BUSINESS

HEARING ON SMALL BUSINESS AND INTERNATIONAL TRADE

SEPTEMBER 19, 1988

GOOD MORNING EVERYONE. I WANT TO WELCOME YOU, JOHN, TO BOSTON. I HOPE OUR FAIR CITY HAS TREATED YOU WELL DURING YOUR SHORT VISIT.

YOU KNOW, I AM PLEASED THAT YOU HAVE CHOSEN THE COMMONWEALTH FOR THE SITE OF YOUR HEARING. I THINK WE HAVE A GOOD STORY TO TELL. BUT I AGREE WITH YOU, JOHN, THAT MUCH MORE CAN BE DONE. AND THAT'S WHY WE ARE HERE TODAY -- TO HEAR FROM THOSE DIRECTLY INVOLVED; THEN WE CAN STRENGTHEN OUR ONGOING EFFORTS TO PROMOTE INCREASED EXPORTING BY SMALL BUSINESSES.

I WOULD LIKE TO MENTION THAT I AM ENCOURAGED BY THE ACTIONS BEING TAKEN BY THE STATE OF MASSACHUSETTS AND THE STATE'S BANKING INDUSTRY TO SET UP INTERNATIONAL PROGRAMS GEARED TO PROMOTING NEW ENGLAND BUSINESS INVOLVEMENT IN THE WORLD MARKET. IN FACT, MY GOOD FRIEND JIM HOWELL WILL BE TELLING US ABOUT A RECENT SURVEY CONDUCTED BY THE BANK OF BOSTON ON EXPORTING BY HIGH TECH FIRMS.

I WOULD LIKE TO ALSO WELCOME TWO OTHER GOOD FRIENDS TO THE HEARING THIS MORNING -- JACK RENNIE OF PACER SYSTEMS AND MICHAEL CAMPBELL OF NOVA TECHNOLOGIES IN GLOUCESTER, WHICH IS IN MY DISTRICT.

FINALLY, THIS HEARING IS PARTICULARLY TIMELY BECAUSE NEXT WEEK, ON SEPTEMBER 26, THERE WILL BE AN EXPORT SEMINAR AT CENTENNIAL PARK IN PEABODY WHICH IS BEING SPONSORED IN COOPERATION WITH FRANK O'CONNOR, ONE OF OUR WITNESSES TODAY.

THANK YOU MR. CHAIRMAN.

SBANE

Statement

of

JOHN C. RENNIE

President/CEO

Pacer Systems, Inc.

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on behalf of the

Smaller Business Association of New england

(SBANE)

before the

U.S. House of Representatives

Committee on Small Business

hearing concerning

International Trade Experience

and the

Small Business Inte-national Trade

and Competitiveness Act

September 19, 1988

Mr. Chairman:

Thank you and the Committee very much for the opportunity to testify on what I feel is one of the most important topics to be discussed in America...small business and international trade.

I'm submitting this statement on behalf of the Smaller Business Association of New England (SBANE), as one who has been involved in trade in my own company since 1977 and as an activist nationally in the promotion of small business exporting for over ten years. I am a former Chairman of the International Trade Committee at the Smaller Business Association of New England (SBANE); I was the first small business representative on the Industry Sector Advisory Committee on Aerospace (ISAC-1) under the Secretary of Commerce; and I have testified numerous times on behalf of small business organizations over the years on trade-related subjects before a number of Senate and House Committees.

I am the author/editor, on behalf of the Small Business Foundation of America of a unique international trade sourcebook for small business executives called EXPORTISE, soon to go into its third edition.

Background

Within the past three years, I had the privilege of being a member of the National Commission on Jobs and Small Business which you, Mr. Chairman, and several other members of the Committee convened in 1985. This Commission, through fifteen months of hearings, meetings and studies, was drawn to the international competitiveness theme; hence the title of its Report: "Making America Work Again".

One section of that Report with which I had a lot to do, was the Recommendation entitled "Restore the Yankee Trader Tradition". It was this section which formed the background for the Committee's small business section of the Omnibus Trade Bill recently enacted. I want to personally, and on behalf of America's small business community congratulate and thank you, Mr. Chairman, and the other members of your Committee for turning the Commission's recommendations and other recommendations brought to you in testimony and through staff research into meaningful legislation so quickly.

The Commission's Report discussed seven major topics concerning the implementation of the Trade recommendation. These topics included a few which I feel are particularly relevant to this hearing:

- o Provide Incentives to attract new companies into U.S. exporting and to stimulate exporting companies to expand their efforts.
- o Improve the Education of small business owners and managers so they can better understand the exporting process and the many sources of assistance available to them.
- o Improve the Flow of Market Data so that U.S. companies will have a more timely and accurate understanding of the needs of overseas buyers.
- o Stimulate State Action to Increase Trade, realizing that each state and region has different characteristics, and strengths; and, in many ways, they can most efficiently serve their local constituencies.

As you know, Mr. Chairman, these topics were further broken down into more specific suggestions. All in all, I feel that this section of the Report summarizes my feelings on the subject of what should be done to increase the small business sector's participation in trade. Therefore, it was most gratifying to see many features of these recommendations emerge in the Trade Bill. In enacting these provisions you have given us the start of what I feel could be a new resurgence of small businesses participation in trade. However, as we all work to develop this participation, we must keep some important themes in mind...themes that I feel you and the Committee have resurfaced and which must be kept in our mind as we move to implement the Act.

Over-arching Themes

First, we feel that the underlying problem of trade in this Country is that it doesn't have a high priority. Laws are passed; debates take place; people mouth words which give every appearance that we care...but, in the end, we largely haven't cared (at least up to now). We are the only major industrialized nation without the equivalent of a Ministry or Department of International Trade; we pass potentially very useful laws such as the new Trade Bill, the Small Business Export Enhancement Act of 1980 (PL 96-481), the Export Trading Companies Act of 1982 (PL 97-290), etc. but then we let the public and private bureaucracies take over and smother or redirect the thrust of their implementations; we allow the mechanics of trade to bog down those who do take an interest...overcomplicated paperwork, overly protective technology transfer restrictions, overly zealous laws to regulate trade practices or force U.S. ethics on other countries.

So, in short, whatever is proposed here today, or this year...or in this or the next Congress, will mean very little if we the people, the Congress and the Administration don't take trade and make it the second highest priority (behind defense) in the land...serve notice that we are coming to international markets with a vengeance. I'm fully convinced we must do this or we will just spend a lot of time and effort "spinning our wheels", being beaten badly by our trading partners, with the whole economy suffering as a result.

Second, in considering ways to improve our exporting, we must keep in mind that it is a long term process. It is a penchant of America that we are short-term oriented...and it is hurting us badly. This is true for our "short-focus" financial yardsticks, judging company and management performance on quarterly results; and it's also true in trade. We rejoice (with some justification) if our month-to-month trade balance shifts favorably, as it did this past month, or a larger American firm lands a big overseas order. But the solution to our trade deficits in the long run will be found not in "quick hit" solutions but on the slower, methodical and less glamorous effort to energize our smaller and medium size companies into international markets.

Third, we must understand that we are unique in the world in that our large domestic market acts as a disincentive to go offshore except for large companies which have achieved a more or less stable domestic market share and the few companies geared to foreign markets from the outset in their formation. This is coupled with an almost

benign acceptance and openness to would-be competitors from overseas. Therefore, we must understand that it is in the Country's best interest to energize America's smaller and medium-sized companies to join the "international fray", as it were. Sure, it will benefit companies of all sizes that get involved. But just as sure as a company aids the U.S. economy when it succeeds, and grows and creates jobs, it is equally beneficial when that company begins to make its mark abroad.

So, where does this leave us? What can we do? Well, Mr. Chairman, you will receive good suggestions at these hearings; and I'm sure your staff has uncovered others in its research.

But we feel that, in fact, a lot has been done. It's just that we are not making the most of what we have...and that is where I feel SBA can make a big difference. There are all kinds of facilities, data, programs and trained personnel available at State and Federal levels and in the private sector which could help...are in place to help, would-be "Yankee Traders". But the small business community does not know where they are or how to use them. Several features of the Act address this area.

The Trade Bill

Often you'll encounter the feeling, stated in different ways, that "the resource is there, all they have to do is come in and use it". While this is a very human reaction, it is dead wrong. What we should say is that if the smaller and medium-sized firms are not using it, it is useless! Certainly, the IBM's of this world don't need it...no, the only real justification for these resources is to

be used effectively by the smaller business community. Again, the small business title of the Act specifically stimulates more proactive moves to actively market existing programs and provide outreach to the small business community.

So, I was particularly gratified with provisions which direct the use of available SBA resources to maximize the connection between in-place resources and the small business community. Some recommendations I made in previous testimony have emerged in the Act:

- Use of the network of Small Business Development Centers (SBDC) to actively market Department of Commerce and SBA programs, EXIM Bank facilities, etc. concerning trade; and feed back to Commerce and the other ways that the programs could be improved.
- Use SBA regional and district offices to seek out market data from the U.S. and Foreign Commercial Service and disseminate that information to small firms in their areas.
- SBA offices/trade specialists working with SBDC's could catalyze formation of joint ventures and R&D pools with capabilities for overseas trade.
- SBA publicizing the existence of the Trade Adjustment Assistance Offices located around the Country, and help those firms negatively impacted by imports in their markets use their facilities

....and so on. In other words, SBA and its resources will now become more of an activist in getting the small business community interested and participating in these markets and aware of what help there is available to overcome some of the mechanics and complexities of trade. The additional funding in the Act will help SBA to do this.

This will be a highly visible and positive role for SBA, one that it could annually point to with pride if the implementation is effective. Indeed, because of your leadership, I detected a considerable change in SBA's trade involvement even before the Act was passed.

With regard to other features of the small business title of the Trade Bill, I would make the following specific comments:

a. I am in complete support of the reports called for in Section 8003(b), especially reports under 8003(b)(1), (2) and (3). I was disappointed that the report 8003(b)(5) proposed in the House bill did not survive conference, as I feel that greater small business involvement with the upcoming "Uruguay Round" of the GATT and, on a continuing basis, with the Office of the USTR is very important. On the other hand, the conferees may have felt that they covered this in Section 8012.

b. With regard to the comments of the Conference committee regarding SBA export financing (Section 8005) I would suggest, as I have in previous testimony, that this financing provision is of questionable value because essentially the same procedures for SBA financing are applied to these export loan applicants. I would submit that someone in that situation

probably shouldn't be worried about exporting but rather should be paying attention to succeeding in domestic markets first. Also, I have felt all along that following the use of proceeds for such a loan would be difficult at best. Therefore, I question the conclusions of the Conference and its directive to SBA.

c. I fully agree and applaud the provisions of Section 8006, as I believe the SBDC network can be an extremely effective outreach mechanism, conduit and provides of assistance in this area. It is most important in my mind that the SBDC's and SBA's Office of International Trade not try to replicate or replace the Department of Commerce/International Trade Administration, but rather work to complement DOC/ITA and improve the utilization of the facilities by the small business community.

d. While I agree with the intent of Section 8007, I have the same reservations as stated earlier with regard to Section 8005. Setting those reservations aside, I feel the provisions increasing guarantee amounts to $1 million makes sense. Also, I would add that when the loan guarantees are aimed at small companies adversely affected by imports, the whole process makes more sense, as the domestic company's weak condition could very well be due to foreign competition, not other more "normal" reasons. In these cases, government assistance is appropriate, given that the affected firm can demonstrate the adverse impact of imports as its principal (or at least important) difficulty.

e. I was a leading proponent of the Small Business Innovation Research program; I can recall some exciting days of testimony in front of the House Armed Services Committee in the early 19880's. So, needless to say, I have been delighted with SBIR's success and strongly support the provisions of Section 8008. I would have preferred to see the sections of the proposed study be enacted, but this is a reasonable and important first step. I would offer my assistance and others in SBANE in providing inputs to the GAO study, as we at times are nervous about what "measures of effectiveness" GAO might use in assessing the Program.

f. I was intrigued with the provision in Section 8011 for a National Conference on Small Business Exports and the orientation conveyed in the Conference Agreement. I would be very interested in participating in such a Conference.

g. I wholeheartedly agree with Section 8012, as it is the first step in getting small business' concerns and needs into the GATT and USTR operation.

First-Hand Experience

Finally, Mr. Chairman, I would like to briefly outline Pacer Systems' experience in trade. Pacer supplies high technology equipment and professional technical services in the fields of defense, aerospace, oceanology and civil engineering world-wide.

a. We were introduced to exporting by the SBANE-Massachusetts Port Authority (MASSPORT) Small Business Export Program (SBEP). This highly successful program was the model upon which the Small Business Export Enhancement Act was based. The two vital things I learned from this experience in November 1977 were: (1) My products had markets overseas; and (2) there were many sources of assistance available in the private and public sector to help us if we got into trade. I also began my own personal education process where I found that exporting was not so complicated as it seemed at first glance.

b. Since that time, Pacer has exported every year, with export sales ranging from less than 1% to more than 15% of total revenues. In aggregate, these sales have amounted to over $10 million, and they have generally been more profitable than domestic sales of the same or similar items/services.

c. Because of the orientation I received in the SBEP, the continued education I got as a member of SBANE's trade committee and the extensive help I received from the Boston office of DOC/ITA, the resident SBA trade specialist and numerous bank representatives, freight forwarders, cultural specialists, insurance agents, etc. I have encountered few problems in exporting "mechanics".

d. I have, at times, been frustrated in two areas: (1) the lack of steady policy and clear direction in the areas of export controls and licensing; and (2) severe non-tariff trade barriers to the export of our technical services. In the first

instance, the uncertainties involved cause our company to hesitate more than it should in entering or building exporting activities. The latter instances have discouraged us from putting much effort into services trade.

e. I would also mention what I feel is a severe disincentive for defense/aerospace firms (America's second-best exporters next to agriculture)...a change in the Federal Acquisition Regulations in 1986 which makes virtually all overseas sales and marketing costs unallowable on government contracts. This has greatly reduced Pacer's activities in overseas trade and may result in a slowing of our export revenues. I know that other companies have been similarly affected.

Conclusion

In conclusion, Mr. Chairman, let me congratulate you and the Committee again for your interest and perseverance in this vital area of trade reform and international competitiveness and for your work on the Trade Bill. Our problems in getting the small business sector into trade are unique in the world. To succeed, we must go to unusual lengths to make it happen. But if we do, the Country and the small business community will be better off. And, I believe, SBA will have found another area of activity where it can make a special contribution...a very positive contribution to America.

Thank you again, sir. I would be happy to answer your questions.

John C. Rennie

STATEMENT

OF

FRANK J. O'CONNOR

DISTRICT DIRECTOR

District Office, U.S. and Foreign Commercial Service
International Trade Administration
U.S. Department of Commerce
Boston, Massachusetts

TO

COMMITTEE ON SMALL BUSINESS

U.S. HOUSE OF REPRESENTATIVES

STATEMENT OF FRANK J. O'CONNOR

Mr. Chairman, and honorable members of the Committee on Small Business, my name is Frank J. O'Connor, Director of the Boston District Office, U.S. Commercial Service, International Trade Administration, U.S. Department of Commerce.

I very much appreciate the opportunity to comment on the export promotion and service programs of the U.S. Commercial and Foreign Service of the U.S. Department of Commerce. To lend creditability to my remarks, my tenure with the Department began in 1968 following an 8-year career with the General Services Administration as Manager of the Business Services Center.

I am pleased to have the opportunity to express my personal feelings as a field person. I am concerned on a daily basis with providing programmatic assistance to the small and small/medium business community relevant to enhancing exports, or in other words, the real world. I am afraid that all too often when committees of the House and Senate request information from which they can develop meaningful legislation intended to enhance efficiency and effectiveness, they receive politically-driven rhetoric and ideology that does not necessarily reflect the real world environment.

Exporting for the United States has finally begun to receive the visibity it should have always had for it is an extremely important economic issue and one of the most vital forces of our time. We as a nation should do everything in our power to strengthen and preserve this force.

I want to commend you, Mr. Chairman, for your ceaseless efforts in trying to rectify our nation's dismal performance in the area of productivity and competitiveness. In addition, your recognition that the export trade promotion efforts of the U.S. need to be enhanced was clearly reflected in your Committee's efforts on getting the small business features into the new Trade Law. This new Trade Law will greatly assist small business capability to successfully enter foreign markets.

The question on the table is what is the most effective and efficient manner to provide export assistance counseling and programs to American small business.

I respectfully submit to you that the network of foreign and domestic district offices of the International Trade Administration, U.S. Department of Commerce, can accomplish this goal. The U.S. Commercial Service has been actively engaged in assisting U.S. business in international trade development since the early 1960's. Our team players, located in 68 domestic offices and over 122 foreign locations, work closely together to provide specific programs and services to small business people. Our experienced trade specialists have hands on knowledge of trade promotion activities, complex overseas trade regulations, foreign economic market conditions, export licensing requirements as well as foreign language capability. We are the only organization that has an annual work plan developed for each Domestic Office and the geographic area it serves.

Working closely together with the Small Business Administration and the Small Business Development Centers will bolster our overall efforts. We initiated a regional working agreement with the Small Business Administration in 1982. I am delighted to submit copies of this working agreement as well as those agreements signed with the five states in our region and with the District Export Council. Make no mistake about it, we have had a close working relationship with Small Business Administration and the Small Business Development Centers for many years and look forward to an even stronger partnership in the future. I respectfully urge the SBA and SBDC not to try to outdo the Department of Commerce. Help us to be more effective by closely coordinating activities aimed at helping small businesses get into trade by utilizing the best features of each agency's charter to get results. The SBA and SBDC have the ability to reach out to small businesses to bring them to the Department of Commerce and provide some financial support that is not within our charter. This type of assistance is vital to achieve the overall goal of reaching out to our small business constituents.

Our domestic and overseas network allows a small business person to work in Rome, Italy, as effectively as he/she can in Rome, NY. There is no question in my mind, however, that our system must be improved. Congress should review the funding of its lead agency with regard to export. It is obvious that the U.S. Department of Commerce is not receiving the funding needed to meet their mission. Many of the positions in both the domestic and overseas offices of the Commerce Department are vacant. We do a disservice to small companies in New England when we can not process their requests in a timely fashion.

In conclusion, may I again express my sincere appreciation to you, Mr. Chairman and the honorable members of your committee, for the opportunity to share my thoughts on this most vital issue. I ask that you take time to review the enclosures as they will support the remarks which I have made today. Please feel free to call upon me at any time for further assistance.

BANK OF BOSTON

STATEMENT OF DR. JAMES M. HOWELL
BEFORE THE COMMITTEE ON SMALL BUSINESS
HOUSE OF REPRESENTATIVES, REGARDING THE
SUMMARY OF FINDINGS OF BANK OF BOSTON SURVEY
ON EXPORTING BY YOUNG HIGH TECH COMPANIES

INTRODUCTION

In order to begin to gain some insight into the impact that market globalization and technological change are having on small firms, the Bank of Boston recently conducted a special survey of small high technological firms throughout the United States. A mail-out/mail-back survey was mailed to 6,539 firms across the United States and in five key technology areas--biotechnology, advanced materials, photonic and optics, automation, and test and measurement. For a listing of the specific industries included in these five groups, see Appendix A.

The survey responses were based on "a willingness to report" and nearly 400 firms from 38 states responded. Consequently, we believe that the data provide useful information about the performance of small firms in the world marketplace. Inasmuch as these small sophisticated manufacturing firms appear to be representative of new technologies, this information should provide a preview of the future.*

Broadly speaking, there are four major findings that emerge from the data:

- Based on our survey responses, significant numbers of young, high technology firms have become exporters early in the life cycle of their companies. Reflecting the sophisticated nature of their products, these firms operate in international markets at a very early stage in their development.

- Data from this survey show that young firms entering export markets do not seem to experience any competitive disadvantage by doing so; rather, exporters exhibit approximately the same or in some cases faster rates of growth in both employment and sales as their nonexporting counterparts.

- Proximity to suppliers and production support facilities is clearly the most important institutional externality for both headquarters and production sites.

- Quite apart from considerations of job quality and income, the existence of technology agglomerations in the form of manufacturing firms and sophisticated research facilities continue to be a major source of new industrial development because they serve as the spawning ground for entrepreneurs and as a significant source of new products and processes.

In the remainder of this paper, we will consider these findings in more detail, and we will also add a brief discussion concerning the background of the entrepreneurs in the sample and attitudes toward competition.

* We frequently refer to small and young high technology firms. For purposes of our commentary, small is defined as a firm with sales less than $10 million while young refers to the firm's birth date of 1980 or later.

Finding 1:

Based on our survey responses, significant numbers of young, high technology firms have become exporters early in the life cycle of their companies. Reflecting the sophisticated nature of their products, these firms operate in international markets at a very early stage in their development.

It is widely believed in the United States that there is an orderly progression in the life cycle of business firms and that following its establishment, a firm will concentrate first on local and regional markets and then move to gain and consolidate national market share. Only then, according to this view, will the firm enter the export market with its perceived red tape and additional complexity. In general, a firm will look first for a sales agent, then look to a distribution facility or joint venture partner before establishing a manufacturing facility overseas. In fact, young high technology companies appear to be moving much faster than the traditional scenario suggests.

To understand the relationship of age to export activity in the high technology firms, in our sample, we organized the survey data in quartiles ranging from the youngest firms to the oldest. The relevant data are displayed in Table 1A through 1E. (The chronological dates associated with the quartiles are the birth dates of the small high technology firms.)

TABLE 1A

EXPORT CHARACTERISTICS OF SMALL FIRMS IN THE ADVANCED MATERIALS INDUSTRY GROUP

Age Quartile	Average Annual Sales (In Millions)	Average Percent Sales Attributable To Exports	Percent of Firms in Quartile Exporting
Youngest 1988-1982	$ 2.2 ($11.1) *	2.6% (3.4%)	71.4% (83.3%)
Second 1982-1977	2.5 (16.8)	6.1 (5.8)	100.0 (84.6)
Third 1976-1959	4.5 (24.6)	20.3 (16.7)	85.7 (92.3)
Oldest 1957-1876	4.5 (451.7)	11.5 (13.1)	87.5 (100.0)

*Figures contained in parentheses throughout this paper are derived from the total sample.

TABLE 1B

EXPORT CHARACTERISTICS OF SMALL FIRMS IN THE AUTOMATION INDUSTRY

Age Quartile	Average Annual Sales (In Millions)	Average Percent Sales Attributable To Exports	Percent of Firms in Quartile Exporting
Youngest 1988-1982	$ 1.8 ($ 4.8)	16.8% (13.0%)	46.7% (55.6%)
Second 1982-1978	2.2 (7.0)	15.0 (13.2)	80.0 (74.1)
Third 1977-1969	2.8 (24.4)	7.2 (12.7)	53.3 (82.1)
Oldest 1968-1885	2.4 (170.8)	8.7 (15.0)	75.0 (92.6)

TABLE 1C

EXPORT CHARACTERISTICS OF SMALL FIRMS IN THE BIOTECHNOLOGY INDUSTRY

Age Quartile	Average Annual Sales (In Millions)	Average Percent Sales Attributable To Exports	Percent of Firms in Quartile Exporting
Youngest 1985-1984	$ 1.1 ($ 1.0)	5.9% (5.7%)	57.1% (55.6%)
Second 1984-1982	1.3 (4.4)	15.3 (17.8)	71.4 (83.3)
Third 1981-1974	2.6 (27.4)	6.7 (20.0)	50.0 (25.0)
Oldest 1974-1951	1.9 (3.0)	27.0 (21.8)	83.3 (77.8)

* Figures contained in parentheses throughout this paper are derived from the total sample.

TABLE 1D

EXPORT CHARACTERISTICS OF SMALL FIRMS IN THE PHOTONIC AND OPTICS INDUSTRY

Age Quartile	Average Annual Sales (In Millions)	Average Percent Sales Attributable To Exports	Percent of Firms in Quartile Exporting
Youngest 1988-1980	$ 2.4 ($ 2.5)	15.6% (12.6%)	86.7% (73.7%)
Second 1980-1977	2.5 (2.9)	8.7 (11.7)	66.7 (84.2)
Third 1977-1968	1.5 (6.8)	11.9 (14.2)	80.0 (78.9)
Oldest 1967-1885	2.5 (75.1)	9.1 (16.4)	75.0 (75.0)

TABLE 1E

EXPORT CHARACTERISTICS OF SMALL FIRMS IN THE TEST AND MEASUREMENT INDUSTRY

Age Quartile	Average Annual Sales (In Millions)	Average Percent Sales Attributable To Exports	Percent of Firms in Quartile Exporting
Youngest 1986-1979	$ 1.6 ($6.1)	9.2% (11.2%)	82.4% (81.8%)
Second 1979-1974	1.9 (9.1)	15.8 (17.5)	82.4 (88.5)
Third 1973-1966	3.4 (10.2)	20.0 (19.6)	94.1 (95.7)
Oldest 1964-1886	3.8 (60.3)	20.3 (25.2)	100.0 (100.0)

A careful review of these data suggest the following findings concerning the issue of age and export activity.

- Among firms in advanced materials, photonic and optics, and test and measurement, approximately three-quarters of the young firms (those established after 1980), are exporters. Among biotechnology and automation firms, in excess of half of the youngest are also exporters.

- Export activity appears to take place among the small technology firms even though the aggregate average sales volume of these firms and the percent of sales attributable to exports must be judged as quite insignificant.

- Older small firms show an even greater percentage of the firms as exporters, with percent of sales represented by exports stabilizing in a range of approximately 9-27 percent of sales.

That these technology-based small firms enter export markets so early in their life cycle attests to the rapid changes that are taking place in new product development and the speed with which these new products and processes can be identified and marketed in a global market.

-o-

Finding 2:

Data from this survey show that young firms entering export markets do not experience any competitive disadvantage by doing so; rather, exporters exhibit approximately the same or, in some cases, faster rates of growth in both employment and sales as their nonexporting counterparts.

As we move into the 1990's, regional and national economic policies will need to take into account the important role that technology-driven companies play in the economy and in job creation. Accordingly, in our analysis we sought to understand some of the key parameters for these industries. We were specifically interested in the employment impact of these small high technology firms. The relevant data are shown in Table 2, and several brief conclusions follow.

TABLE 2

MEDIAN RATES OF CHANGE IN SALES AND EMPLOYMENT
(Most Recent Fiscal Year)

INDUSTRY GROUP	SALES	EMPLOYMENT
For Exporting Firms		
Young	50%	23%
Mature	17	8
For Nonexporting Firms		
Young	44	26
Mature	14	7

- o Exporting firms--young and mature--show approximately the same rates of increase in both employment and sales as the comparable nonexporters.

- o Young firms--whether exporting or nonexporting--show a dramatically higher annual rate of increase in both employment and sales than do their mature counterparts.

The finding that growth in sales and employment slows as firms reach maturity is not surprising and has been well documented in an earlier analysis by the Bank of Boston and the MIT Development Foundation. Moreover, it is being borne out today in our experience in New England as the existing high technology industries, especially the manufacturing segment of the computer and electronic components industries, are maturing and consolidating. Looking ahead, it is clear that these firms will no longer generate jobs at the rate the region has experienced for the past decade.

These observations remind us that employment growth is an issue of starting new enterprises, not necessarily of firm size or even a firm's export record. That the young and small high technology firm enters the international marketplace very early after its birth is one of the principal findings from this special survey. Moreover, the finding that the small exporter has the same sales growth and job generation experience as the nonexporting counterpart is significant. Indeed, in two of the five young high technology industry exporter groups--advanced materials and test and measurement--both sales and employment growth were considerably stronger than their young nonexporting counterparts. Among the more mature exporters, again, two of the five cases--biotechnology and test and measurement--showed sales and employment gains above their counterpart nonexporting industries.

Finding 3:

Proximity to suppliers and production support facilities is clearly the most important institutional externality for both headquarters and production sites.

It is sometimes suggested that advances in global communications systems will free high technology and, indeed, any type of firm from the traditional constraints that anchor manufacturing firms to locations near sophisticated educational, finance, and research facilities. Certainly, the recent developmental success in the area of high technology in Scotland and at the University of Utah at Salt Lake City bears witness to the validity of this line of reasoning.

In this section of the survey, we sought to assess the locational "pull" of institutional externalities for the high technology firms at headquarters and production sites. Specifically, we sought information about the importance of proximity to a research and teaching hospital, suppliers and production support facilities, established financial institutions, and academic research institutions for each of the five categories of firms. The data appear in Tables 3A and 3B and 4A and 4B.

A careful review of the data suggest the following conclusions concerning the issues of locational pull:

- Despite some suggestions that the importance of institutional externalities would diminish in the face of increasingly sophisticated communications technology, this does not appear to be the case for headquarters locations. Substantial numbers of firms in nearly all industry categories responded that these externalities were important to their locational choice, although older firms appear to accord them less importance.

- Proximity to suppliers and production support facilities is cited consistently as an important externality by all firms at both headquarters locations and production sites. Not surprisingly, this proximity is given greater emphasis for production sites, and the importance of these externalities among headquarter sites may well result from the fact that for young companies, headquarters and production sites are generally synonymous.

- One would expect proximity to financial institutions and academic research institutions to be more important for a headquarters office than a production facility--and they are. With two exceptions--namely, biotechnology and photonic and optics--the proximity of financial and academic research institutions are not considered important for production sites.

TABLE 3A

KEY EXTERNALITIES AFFECTING SMALL EXPORTING FIRMS
(Percent Positive Responses)

	HEADQUARTERS FUNCTIONS				
	ADVANCED MATERIALS*	AUTOMATION	BIOTECHNOLOGY	PHOTONIC AND OPTICS	TEST AND MEASUREMENT
FOR YOUNG EXPORTERS					
Research and Teaching Hospitals	--	--	--	33%	40%
Suppliers and Production Support Facilities	--	50%	43%	25	67
Established Financial Institutions	--	29	38	50	67
Academic Research Institutions	--	14	50	56	50
FOR MATURE EXPORTERS					
Research and Teaching Hospitals	--	--	--	8	6
Suppliers and Production Support Facilities	17%	29	17	57	39
Established Financial Institutions	33	--	--	17	33
Academic Research Institutions	17	23	17	42	28

* Data not available for young exporting companies.

TABLE 3B

KEY EXTERNALITIES AFFECTING SMALL NONEXPORTING FIRMS
(Percent Positive Responses)

	HEADQUARTERS FUNCTIONS				
	ADVANCED MATERIALS	AUTOMATION	BIOTECHNOLOGY	PHOTONIC AND OPTICS	TEST AND MEASUREMENT
FOR YOUNG NONEXPORTERS					
Research and Teaching Hospitals	--	--	57%	--	--
Suppliers and Production Support Facilities	20%	59%	50	30%	13%
Established Financial Institutions	40	36	38	55	25
Academic Research Institutions	20	33	71	20	11
FOR MATURE NONEXPORTERS					
Research and Teaching Hospitals	--	--	25	5	8
Suppliers and Production Support Facilities	20	29	--	25	46
Established Financial Institutions	30	12	--	18	23
Academic Research Institutions	10	22	75	23	29

TABLE 4A

KEY EXTERNALITIES AFFECTING SMALL EXPORTING FIRMS
(Percent Positive Responses)

	FOR PRODUCTION FUNCTIONS				
	ADVANCED MATERIALS*	AUTOMATION	BIOTECHNOLOGY	PHOTONIC AND OPTICS	TEST AND MEASUREMENT
FOR YOUNG EXPORTERS					
Research and Teaching Hospitals	—	—	—	13%	20%
Suppliers and Production Support Facilities	—	89%	75%	56	100
Established Financial Institutions	—	—	—	13	33
Academic Research Institutions	—	14	13	33	17
FOR MATURE EXPORTERS					
Research and Teaching Hospitals	—	—	—	—	3
Suppliers and Production Support Facilities	29%	46	17	64	62
Established Financial Institutions	17	8	—	25	10
Academic Research Institutions	17	8	—	25	23

* Data not available for young exporting companies.

TABLE 4B

KEY EXTERNALITIES AFFECTING SMALL NONEXPORTING FIRMS
(Percent Positive Responses)

	FOR PRODUCTION FUNCTIONS				
	ADVANCED MATERIALS	AUTOMATION	BIOTECHNOLOGY	PHOTONIC AND OPTICS	TEST AND MEASUREMENT
FOR YOUNG NONEXPORTERS					
Research and Teaching Hospitals	--	--	14%	--	--
Suppliers and Production Support Facilities	71%	56%	63	40%	25%
Established Financial Institutions	--	23	14	--	--
Academic Research Institutions	--	15	43	--	--
FOR MATURE NONEXPORTERS					
Research and Teaching Hospitals	--	--	25	--	--
Suppliers and Production Support Facilities	40	59	--	39	46
Established Financial Institutions	--	13	--	5	8
Academic Research Institutions	10	6	50	5	8

Finding 4:

Quite apart from considerations of job quality and income, the existence of technology agglomerations in the form of manufacturing firms and sophisticated research facilities continue to be a major source of new industrial development because they serve as the spawning ground for entrepreneurs and as a significant source of new products and processes.

Much has been written about the relationship of a strong manufacturing sector to a healthy economic base. This debate has generally been framed in the context of the nature of the jobs involved; that is, jobs in the manufacturing sector tend to have career ladders and tend to provide higher wages than jobs in the service sector.

Responses to this survey indicate that the manufacturing sector is also a significant spawning ground for entrepreneurs and a significant source of new technological products and processes. The relevant data appear in Tables 5A and 5B. This also appears to be true for sophisticated research facilities.

The data contained in the two tables following underscore the key role of academic research labs and other large manufacturing firms as the principal source of new products and processes. There appears to be only modest variances between young and mature industry groups, although mature firms, as expected, place more emphasis on their own internal research. The relatively minor role of government labs as a source of new products is not surprising. In recent years, the Federal government has been attempting to find new and innovative ways to enhance commercial access to their labs, but these efforts, as yet, have not met with much success.

The obverse side of the product source is the engineering and scientific background of the technical entrepreneur. Shown in Tables 6 and 7 are summary data relevant to this point. Several conclusions may be drawn:

- An overwhelming percentage of the entrepreneurs responding to this survey had worked in the manufacturing sector prior to creating their new business firms. The percentages range from 78 percent for founders of test and measurement firms to 86 percent for founders of advanced materials. Further, with the exception of the advanced materials firms, entrepreneurs tended to come out of smaller manufacturing firms. This process is one of the underappreciated dimensions in entrepreneurship and technology transfer. We often talk of the "spin-out or spin-off" as if it is the product or process that is transferred from the established manufacturing firm into the newly-launched firm. It is more accurate to say that it is the entrepreneur who exits the manufacturing company with his product/process idea in order to form a new venture.

- It is important to note that there was no significant source of entrepreneurs other than manufacturing firms.

- The relative youthfulness of the entrepreneur shows through clearly with the ages of company founders consistently clustered in the late 30's to early 40's. And as the data in Table 7 show very clearly, the great preponderance of entrepreneurs in these five industry groups have engineering and science backgrounds. Note also that the finance backgroumd, which in the U.S. is almost entirely associated with an MBA, plays only a very minor role in the creation of these firms.

TABLE 5A

SOURCE OF PRODUCT DEVELOPMENT
AMONG SMALL EXPORTING FIRMS
(In percent)

	RESEARCH LABORATORIES				OTHER SOURCES
	ACADEMIC	GOVERNMENT	RESEARCH	LARGER FIRM	FOREIGN RES/MFG
YOUNG EXPORTERS					
Advanced Materials	—	--	--	--	--
Automation	50%	--	--	50%	--
Biotechnology	33	11%	22%	11	22%
Photonic and Optics	57	14	14	14	--
Test and Measurement	33	--	33	--	33
MATURE EXPORTERS					
Advanced Materials	40	20	20	20	--
Automation	25	--	25	25	25
Biotechnology	75	--	25	--	--
Photonic and Optics	10	40	30	20	--
Test and Measurement	20	20	40	5	15

TABLE 5B

SOURCE OF PRODUCT DEVELOPMENT
AMONG SMALL NONEXPORTING FIRMS
(In percent)

	RESEARCH LABORATORIES			OTHER SOURCES	
	ACADEMIC	GOVERNMENT	RESEARCH	LARGER FIRM	FOREIGN RES/MFG
YOUNG NONEXPORTERS					
Advanced Materials	--	--	50%	33%	17%
Automation	17%	--	17	50	17
Biotechnology	50	17%	--	17	17
Photonic and Optics	13	50	13	13	13
Test and Measurement	50	--	50	--	--
MATURE NONEXPORTERS					
Advanced Materials	11	--	45	33	11
Automation	20	20	10	30	20
Biotechnology	100	--	--	--	--
Photonic and Optics	23	15	31	23	8
Test and Measurement	44	11	33	11	--

TABLE 6

PERSONAL ENTREPRENEURIAL CHARACTERISTICS
AMONG OWNERS OF SMALL FIRMS

INDUSTRIAL	AVERAGE AGE AT COMPANY FOUNDING	EMPLOYMENT/RESEARCH EXPERIENCE BEFORE COMPANY FOUNDING					
		ACAD LAB	GOVT	LARGE MFG	SMALL MFG	ACAD TEACH	OTHER
Advanced Materials	38 Years (38)	4% (3%)	-- (3%)	43% (52%)	43% (34%)	-- (--)	9% (8%)
Automation	38 (39)	9 (7)	2% (1)	36 (36)	45 (50)	4% (2%)	4 (4)
Biotechnology	39 (40)	12 (20)	-- (--)	32 (29)	48 (40)	4 (6)	4 (6)
Photonic and Optics	42 (41)	10 (11)	5 (6)	25 (25)	54 (51)	3 (4)	2 (3)
Test and Measurement	38 (37)	10 (9)	5 (7)	33 (35)	45 (43)	1 (1)	5 (5)

TABLE 7

EDUCATIONAL BACKGROUND OF HIGH TECHNOLOGY ENTREPRENEURS OF SMALL FIRMS

INDUSTRY GROUP	FIELD OF EXPERTISE			
	ENGINEERING	SCIENCES	FINANCE	OTHER
Advanced Materials				
Undergraduate	40% (47%)	10% (6%)	20% (13%)	30% (34%)
Graduate	10 (39)	10 (17)	40 (39)	40 (5)
Automation				
Undergraduate	45 (59)	6 (5)	13 (12)	35 (21)
Graduate	34 (53)	7 (6)	38 (37)	21 (4)
Biotechnology				
Undergraduate	7 (17)	40 (37)	0 (4)	53 (42)
Graduate	5 (37)	33 (33)	19 (18)	43 (12)
Photonic and Optics				
Undergraduate	42 (47)	13 (9)	11 (9)	34 (35)
Graduate	25 (55)	16 (12)	28 (28)	31 (5)
Test and Measurement				
Undergraduate	53 (51)	17 (4)	4 (7)	26 (38)
Graduate	26 (39)	17 (15)	43 (40)	14 (6)

Other Findings:

Finally, in view of the current debate on trade policy and the issue of market globalization, we asked survey respondents about their view of competition from abroad. Not surprisingly, given the technological sophistication of the industries we surveyed, the primary sources of competition are perceived as Europe and Japan. In spite of this competition, only among young test and measurement exporters did the percentage of respondents describing competition as unfair exceed one in four firms surveyed. (See Tables 8 and 9.)

Again these responses seem very consistent with the realities of the industry mix as well as with the survey results discussed above. First, we should remember that most of the support for restrictive trade policy is coming from the mature and large manufacturing firms where technological innovation is less robust, and there are numerous foreign competitors. Second, we should take note of the fact that the small technology-based firm expects to enter the domestic and international markets aggressively; hence, gaining market share in a rapidly expanding global market is viewed as being far more important than the fairness of the marketplace.

This finding strikes us as significant and suggests that the current preoccupation with protectionism misses the mark. From a policy perspective it will be more productive to focus on the issue of creating a hospitable environment for business starts.

TABLE 8

ATTITUDES TOWARD COMPETITIVE STRUCTURE OF MARKET FOR PRIMARY PRODUCT AMONG SMALL FIRMS IN ALL INDUSTRIES REPORTING

	PERCENT OF RESPONDENTS INDICATING THEIR PERCEPTION THAT COMPETITION IS UNFAIR	
INDUSTRY GROUP	YOUNG	MATURE
EXPORTERS		
Advanced Materials	—	25%
Automation	0%	21
Biotechnology	22	0
Photonic and Optics	18	7
Test and Measurement	67	6
NONEXPORTERS		
Advanced Materials	14	10
Automation	12	26
Biotechnology	0	25
Photonic and Optics	9	5
Test and Measurement	11	0

TABLE 9

SOURCES OF COMPETITION AS VIEWED BY SMALL FIRMS

	PERCENTAGE RESPONSES BY GEOGRAPHIC REGION			
INDUSTRY GROUP	EUROPE	JAPAN	PACIFIC BASIN	LATIN AMERICA
YOUNG EXPORTERS				
Advanced Materials	-	-	-	-
Automation	31%	54%	15%	-
Biotechnology	33	33	13	20%
Photonic and Optics	50	40	10	-
Test and Measurement	40	60	-	-
MATURE EXPORTERS				
Advanced Materials	23	46	15	15
Automation	71	29	-	-
Biotechnology	75	-	-	25
Photonic and Optics	53	35	6	6
Test and Measurement	41	52	7	-

Concluding Comments:

Our survey's most significant finding -- that young high technology firms aggressively enter the international market very early in their life cycle and do as well as and, in some cases, better than their nonexporting counterparts in terms of job creation--tells us that exporting is an excellent area of opportunity for these firms. Moreover, the rapid changes taking place in new product and process development and, consequently, the shortened product life cycles underscore the possiblities for young technology-based firms which often have the flexibility to respond quickly to new developments in the world marketplace.

APPENDIX A

DISAGGREGATED DETAILS FOR THE FIVE HIGH TECHNOLOGY INDUSTRY GROUPS

Advanced Materials

Abrasives
Adhesives
Additives/Modifiers
Ceramics and Related Materials
Composites
Coatings/Coating Materials
Desiccants
Electronic Materials
Foams/Foamed Materials
Fillers/Reinforcements
Metals and Alloys
Monomers
Nonmentalliferrous Minerals
Oils/Lubricants
Polymers
Textiles/Fibers
Waxes
Other Materials

Automation

Assembly/Manufacturing Systems
Manufacturing Control Systems
Flexible Manufacturing Systems
Materials Handling/Shipping Equipment
Manufacturing/Measuring Equipment
Machine Tools/Presses Equipment
Machine Vision Systems
Robots/Robotic Equipment
Test Equipment/ATE
Other Automation

Biotechnology

Animal Biotechnology Systems
Cell Culture Technologies
Catalysts
Bioelectronic Equipment
Biotechnology Equipment
Enzyme Technology Systems
Genetic Engineering Systems
Immunology Systems
Biomass/Biochemicals
Biomaterials
Proteins/Protein Engineering Systems
Plant Biotechnology Systems
Other Biotechnology

Photonic and Optics

Acoustic-optic Equipment
Cameras and Related Equipment
Displays
Optoelectronic Devices
Fiber Optics and Related Equipment
Laser-related Equipment
Magneto-optic Equipment
Optics and Related Equipment
Other Photonic Equipment

Test and Measurement

Measuring/Sensing/Controlling
Scientific/Laboratory Equipment
Security/Safety Equipment
Other Test and Measurement Equipment

SMALLER BUSINESS ASSOCIATION OF NEW ENGLAND, INC.

Testimony of

Michael Campbell

Chairman of the

Smaller Business Association of New England, Inc.

(SBANE) International Trade Committee

Waltham, Massachusetts

before the

U.S. House of Representatives

Committee on Small Business

Monday, September 19, 1988

69 HICKORY DRIVE • WALTHAM, MASSACHUSETTS 02254-9117 • (617) 890-9070

Mr. Chairman and members of the Committee on Small Business, I would like to thank you for the opportunity to appear here today and testify as Chairman of the International Trade Committee of SBANE on behalf of our 2,000 membership, and ourselves, regarding some of the problems facing the New England small business community and the potential for exports and international trade. Your ongoing commitment to hearing the needs of small business in this area is sincerely appreciated.

Prior to preparing this testimony, I reviewed my previous testimony to your committee of March 24, 1987 to see what might have changed, and in particular, what new issues should be discussed in light of the ever changing market conditions that prevail. In looking over this testimony, however, I believe the basic premise for small business remains the same as I so stated back last year.

> "What is needed today are simple, workable solutions that will act as a direct catalyst to prime the pump and promote international trade in the form of export sales and create new jobs."
> "What is not needed today is grandiose legislation that, once enacted, is difficult to understand, cumbersome to implement, and in the end, dies on the shelf for the same reasons."

I then went on to say that I felt that the bottom line answer to the problem lay in three major areas: education, incentives and government. I believe that these same three criteria hold true today, and to this end I would like to focus my testimony more directly on these three issues as well as another matter which I believe we must now factor into the equation.

Education: There is no question that since my last testimony everyone is becoming much more aware of opportunities in export and international trade available for the smaller company. Indeed, last week the SBA and AT&T sponsored a major two day seminar: "Small Business - The World Is Your Market", and other programs are underway with the U.S. Department of Commerce, and legislative groups (both state and national). Trade associations like the International Business Center of New England continue to increase their efforts to in the educational area to promote international trade and exports vigorously through the Export Training School. A group of local universities in the Boston area now has a new program that provides graduate students to companies at a very nominal charge to conduct broad based market studies about the potential of exporting that particular firm's products overseas. And at SBANE we are launching a new program this fall called the Export Dialogue, which is specifically targeted to address the needs of the owner/manager of the small firm in identifying and overcoming their fears and getting them started in international trade.

Nevertheless, small business will still need the help to conduct the technical side of international trade once the commitment is

made to export. And hence there still exists a need and will exist a need for people who can move the paperwork. Accordingly, any congressional support for international programs in two year colleges and SBDC's that will provide well trained technical people at an affordable price, would be a great asset in helping a firm to perpetuate the commitment once it is made. Bunker Hill Community College in Charlestown has had such a proposal up for funding for some time now, and it should be stongly supported as it is a fine program and targets the needs of small business directly. Such a program is also a winner from government's point of view in that the jobs are created in completely new areas of business.

Incentives: In my March testimony I indicated that incentives are also needed to get the attention of small business and get them thinking "How can we take advantage of that incentive?" Specifically, I believe in the form of a direct incentive that everyone can understand....the tax credit. A direct tax credit...no complicated calculations....no complex testing requirements. Just a tax credit that a small business can take directly against income in the same way that the 10% investment tax credit used to work.

Regardless of all the enthusiasm engendered by the educational and promotional programs, business will always look for a financial reason to undertake such a new venture. It is a reality that most small businesspeople perceive that entering international trade will be costly, time consuming, and the future benefits may be uncertain. What better way to prompt them

to make a commitment and get them to overcome some of these fears than a tax credit?

As I stated in my March presentation, such a credit would be applicable to companies with gross sales up to $25 million, and a company could receive credit for all phases of startup, training and implementation of their international sales activity at their firm. And the credit could also be taken for retraining of employees whose skills had become redundant due to foreign competition.

Government Cooperation: There is no question that recent budget cuts have hindered DOC and the SBA from doing their normal high standard of work. While I realize the implications of Gramm Rudman Hollings, there is no question that in order to stimulate trade, you will have to make additional investments into the DOC to get the ITA representatives out in the field, with good promotional documentation to back them up. The ITA representatives are, in many cases, small businesses' first contact when they consider exporting. From our experience, the ITA officers have always been knowledgeable, considerate and very helpful. They will need more and better resources and financial support from the federal government if they are going to continue to do their job in the best professional way. I believe that this money will be very well invested, for, as I have said earlier, as export grows, so will jobs, and jobs are votes.

Small Business Banking - The Next Major Hurdle: One area that I have not seen properly addressed in all the discussions of small

business and export is the very life blood to any business...banking. One of the major problems in getting a company involved at an early stage is that huge difference in banking procedures between the USA and other countries of the world. For instance, I can be in a town of 500 people in West Germany, or Scotland, and not only can I find out what the exchange rate is for the US dollar at the local bank, I can change my money on the spot. This is not true in the USA, where visitors have to make sure they travel with plenty of US Dollar travelers checks, or convert their foreign funds while they are still in a major US city.

What is the difference? In other countries the banking is done by very few banks on a national level, while in the USA, the banking is much more diversified. As such, it is often only the big city banks that have any good working knowledge about the technicalities of international banking, which can hurt the small business person when he or she does not have access to them. Let me illustrate this point with a true story:

Some years ago we decided to add a new line of instrumentation which we imported from Europe. The market looked good, but in order to achieve the economies of scale in purchase and pricing, we needed to order twenty units from the manufacturer at once, which was an order of about $30,000.00. I approached the Bank of Boston for an inventory loan against which I would raise a letter of credit to pay for the goods. The risk was low as I already had several of the units presold, and the receivables were with large, well known companies. We had had our account at Bank of

Boston for a number of years, but at the time they had just reorganized, and our new bank officer serviced retail accounts in Revere, knew nothing about international and said "no". I then went looking looking for money at local banks on the North Shore. At the first two, the officers listened patiently, but then respectively said they did not feel comfortable in doing the deal since it was an international transaction. At the third bank, however, the banker listened intently, was quite enthused about the deal and told me he would get back to me in the afternoon of the morning I met with him. Sure, and true to his word, the telephone rang, and when I answered it my banker was on the line:

"Hello Michael" he said. "Well, I have good news for you....we have decided to do the deal, but only on one condition (pause)... At that time a rash of thoughts ran through my mind...what does he want security...my wife...my children...or maybe even worse, that new chain saw I got for Christmas. "What is the condition?", I asked hestitatingly. "Only this", he said..."if you can fill out the form for the letter of credit application, we'll give you the money. I'm sorry, but no one here knows how to do it". I did and we got the money. The story is amusing, but it is also poses the question as to how many opportunities are lost because neither the banker nor the customer knows how to fill out a letter of credit application in the small US town. And this means a loss of value added sales, which can ultimately mean a loss of new jobs, which certainly does not help reduce our trade deficit!

Let me tell you another story. About two years ago we were

beginning to receive some interest in our products from overseas markets. I approached one of the major Boston banks about setting up an international account to deal with this business. "Sure we'll be pleased to have your business", said the international bank officer I was talking to. "Just be sure to open a minimum deposit account of $20,000.00 designated for this international business and we'll give you all the service you want". We've found that without this commitment, small business takes too much of our time for the rewards we get from it."

It is true. Unfortunately many small businesses when they first begin to export can have a difficult time in understanding the terms and terminology of international business. They do require more work at the beginning than a Raytheon, Cabot Corporation, or Digital Equipment Corp., where an in-house international staff handles all these matters professionally. But we, as small businesses have to be given the opportunity to start somwhere, and if our local banks are unable to provide the resources, then we have to go to the major urban banks.

My recommendation? As before, we do not need to revise the entire banking system, but where government can help both the big banks and small business is to help fashion a link that will make it easier for the large banks and small business to work together. Again, I recommend some form of financial credit or incentive that a major bank could get for creating an international small business banking group. And the only way they could achieve this incentive would be through a track record of soliciting and developing small business customers.

Despite all the programs, at the end of the day, access to major financial institutions and money availability is going to be the driving force behind the success or failure of our efforts in international markets. Banking is of prime importance in international trade, and without a good financial mechanism for small business our programs and good intentions are doomed for failure.

Finally, let me close by telling you a little bit about NOVA Technology Corporation. We are a small (5 person) electronics company located in Gloucester, Mass. on the North Shore of Boston. We manufacture a line of instruments that are used by skin care companies, universities, and dermatologists in research. Our customers include well known names like S.C. Johnson & Son, Mary Kay Cosmetics, AVON Products, Inc, Estee Lauder, the University of Pennsylvania, department of dermatology, University of Leyden (Holland), Kimberly Clark, to name a few. All our products are made in the USA, and several of our major supplying vendors are located on Cape Ann.

We are already exporting on a regular basis to Europe. From the American New Products Press Release run through the Department of Commerce, we received over seventy five leads and distributor inquiries. We now have distributors in Holland, the United Kingdom, and are finalizing and agreement in France. In November of this year I shall go to Italy and West Germany with one of the U.S. Department of Commerce Distributor Matchmaker programs, and expect to have distributors in Italy and West Germany by the New

Year...selling...selling...selling...our excellent American products. Export presently represents 25% of our current sales. In five years, we estimate that figure could grow to one-half our sales. If NOVA Technology Corporation can grow a business overseas with a specialized product and limited resources, there is no reason why other small companies cannot begin to develop some of the benefits from the global markets that are hungrily awaiting beyond our shores.

MEMORANDA OF UNDERSTANDING

SBA/ITA, REGION I

1982
1987

ADDENDUM TO THE MEMORANDUM OF UNDERSTANDING
FOR SMALL BUSINESS ADMINISTRATION, REGION I
AND THE
INTERNATIONAL TRADE ADMINISTRATION BOSTON DISTRICT OFFICE
ON COOPERATION IN SUPPORT OF
INTERNATIONAL TRADE DEVELOPMENT

1. INTENT:

The intent of this Addendum to the Memorandum of Understanding is to enable ITA to respond to its Congressionally mandated obligation to increase and promote U. S. exports and SBA to encourage small business participation in trade fairs, shows and missions.

2. LIAISON:

The Small Business Administration (SBA) liaison will be Region I's Regional Administrator or his designee. The International Trade Administration (ITA) liaison will be the Boston District Director or his designee.

3. SBA/ITA COOPERATION:

ITA agrees to reserve space, the number to be agreed on by SBA and ITA, for small or disadvantaged business firms to attend overseas trade shows to increase and promote U. S. exports.

4. SELECTION OF INDUSTRY PARTICIPANTS:

The selection of participants will be the sole responsibility of the SBA. ITA may offer suggestions or assistance to the SBA, but the ultimate decision regarding actual participation will belong to SBA.

5. FUNDING:

SBA will provide ITA with necessary funds to cover the participation fee for each SBA participant in each trade show or mission (not to exceed $900 each). ITA will provide SBA with exact costs as soon as these costs can be determined. Additional costs (for travel, per diem and miscellaneous items) will be the sole responsibility of each participant.

6. REFUNDS:

Should any event covered by this agreement for which SBA has made payment(s) to ITA on behalf of a participant(s) be cancelled, such funds will be applied to future events undertaken by ITA and SBA.

7. CONDITIONS OF PARTICIPATION:

The individual business firm sponsored by SBA will be fully responsible for abiding by all ITA rules and regulations governing participation in any overseas trade show. SBA and ITA will not be liable for failure to abide by these rules by any selected business firm.

8. UNSCHEDULED OR OTHER EXPORT ACTIVITIES:

ITA will work with SBA to develop additional export promotion events including specialized sales missions or events to promote the export of U. S. products and services. Such events will be individually reviewed and approved by Region I's Regional Administrator or his designee for SBA and the Boston District Director or his designee for ITA.

9. DURATION:

This Addendum to the Agreement will be in effect until September 30, 1984 and may be renegotiated or extended beyond that date. Any extension of this Agreement beyond September 30, 1984 shall be evidenced by a document signed by the appropriate officials of both SBA and ITA.

Signed:-

James H. Angevine
Regional Administrator
Small Business Administration
Region I

Date:- 9-8-82

Signed:-

Frank J. O'Connor
Boston District Director
International Trade Administration

Date:- 9/8/82

ADDENDUM TO THE MEMORANDUM OF UNDERSTANDING
FOR SMALL BUSINESS ADMINISTRATION, REGION I
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ITA agrees to reserve space, the number to be agreed on by SBA and ITA for small or disadvantaged business firms to attend overseas trade shows to increase and promote U. S. exports.

4. SELECTION OF INDUSTRY PARTICIPANTS:

The selection of participants will be the sole responsibility of the SBA. ITA may offer suggestions or assistance to the SBA, but the ultimate decision regarding actual participation will belong to SBA.

5. FUNDING:

SBA will provide ITA with necessary funds to cover the participation fee for each SBA participant in each trade show or mission (not to exceed $1,000 each). ITA will provide SBA with exact costs as soon as these costs can be determined. Additional costs (for travel, per diem and miscellaneous items) will be the sole responsibility of each participant.

6. REFUNDS:

Should any event covered by this agreement for which SBA has made payment(s) to ITA on behalf of a participant(s) be cancelled, such as funds will be applied to future events undertaken by ITA and SBA.

7. CONDITIONS OF PARTICIPATION:

The individual business firm sponsored by SBA will be fully responsible for abiding by all ITA rules and regulations governing participation in any overseas trade show. SBA and ITA will not be liable for failure to abide by these rules by any selected business firm.

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Signed:

Nancy L. Harris
Regional Administrator
Small Business Administration
Region I

Date: 9/25/87

Signed:

Frank J. O'Connor
Boston District Director
International Trade Administration

Date: 9/28/87

ANNUAL WORK PLAN

BOSTON DISTRICT OFFICE

OCTOBER 1987

Section I. Strategic Planning Analysis

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ANNUAL WORK PLAN

BOSTON DISTRICT OFFICE

October 1987 - September 1988

Part 1. Industry Summary and Analysis

A. Industry Profile - General Demographic/Economic Data

1. Geographical Jurisdiction of the District Office

The Boston District Office serves the five New England states of Massachusetts, Vermont, New Hampshire, Maine and Rhode Island. Besides the district office with Director, five trade specialists and three support staff, there are two branch offices, one in Maine and one in Rhode Island, each with one trade specialist. Area covered is 61,654 square miles.

2. Population of the District

Maine	-	1,156,536
New Hampshire	-	976,728
Vermont	-	530,052
Massachusetts	-	5,797,582
Rhode Island	-	961,881
		9,422,779

Source:
Bureau of Census Series P-16 (July '84)

3. Major Metropolitan Statistical Areas

	Population	Number of Business Establishments	USA Rank Population/Size
Maine	XXXXXXX	21,293	XXXXXXX
Portland MSA	201,100	4,093	151/277
Bangor MSA	83,900	1,630	270/277
Lewiston-Auburn MSA	84,800	1,490	269/277
New Hampshire	XXXXXXX	18,411	XXXXXXX
Portsmouth MSA	206,500	3,142	149/277
Manchester MSA	136,400	3,034	199/277
Nashua PMSA	153,300	1,360	XXXXXXX
Vermont	XXXXXXX	11,272	XXXXXXX
Burlington MSA	121,000	2,329	222/277
Massachusetts	XXXXXXX	101,965	XXXXXXX
Worcester MSA	404,700	6,413	84/277
Springfield MSA	515,900	8,949	70/277
Lawrence-Haverhill PMSA	356,900	4,401	XXXXXXX
Boston PMSA	2,820,700	51,818	XXXXXXX
Rhode Island	XXXXXXX	17,840	XXXXXXX
Providence PMSA	626,400	16,988	XXXXXXX

Source: Census of Business '82
Current Population
P-26 (July '84)

Part I. Industry Summary and Analysis:

B. Industry Profile - Manufacturing:

1. Number of manufacturing establishments and value of sales.

	Number	Value of Sales (million $)
Maine	2009	$ 8 649.1
Bangor	98	424.2
Lewiston-Auburn	154	673.5
Portland	268	1 268.1
New Hampshire	1981	7 635.6
Nashua	318	2 198.3
Manchester	272	1 040.8
Portsmouth	197	965.9
Vermont	1104	3 730.4
Burlington	154	1 425.2
Massachusetts	11017	48 203.9
Boston	5049	21 807.7
Springfield	1036	4 405.7
Worcester	798	3 008.8
Rhode Island	2856	7 651.7
Providence	2718	6 896.0

Source: Census of Manufactures '82

Part I. Industry Summary and Analysis

B. Industry Profile - Manufacturing:

2. List of number of manufacturing establishments by major industry group and employment size.

MAINE

SIC	Major Industry Group	No. of Establishments	Employment Size Class 1-250 Small	250-999 Medium	1000+ Large
20	Food & kindred products	156	149	7	0
22	Textile mills	62	52	10	0
23	Apparel	46	40	6	0
24	Lumber	669	663	6	0
25	Furniture & fixtures	40	39	1	0
26	Paper & allied products	42	24	12	6
27	Printing & publishing	246	242	4	0
28	Chem. & allied products	29	29	0	0
29	Petroleum & coal	12	12	0	0
30	Rubber & misc.	45	38	7	0
31	Leather & leather products	71	55	15	1
32	Stone, clay & glass	65	65	0	0
33	Primary metals	12	11	1	0
34	Fabricated metal products	106	104	2	0
35	Machinery, except electric	146	143	3	0
36	Electronic & electrical equipment	49	39	8	2
37	Transportation equipment	102	99	1	2
38	Instruments & related products	17	17	0	0
39	Misc. mfg.	58	57	1	0
	Auxilliary	20	19	1	0
	TOTALS	1993	1897	85	11

Source: County Business Patterns '85

Part I. Industry Summary and Analysis

B. Industry Profile - Manufacturing:

2. List of number of manufacturing establishments by major industry group and employment size.

NEW HAMPSHIRE

SIC	Major Industry Group	No. of Establish-ments	Employment Size Class 1-250 Small	250-999 Medium	1000+ Large
20	Food & kindred products	72	70	2	0
22	Textile mills	50	45	5	0
23	Apparel	68	67	1	0
24	Lumber	343	341	2	0
25	Furniture & fixtures	48	48	0	0
26	Paper & allied products	45	39	4	2
27	Printing & publishing	303	298	5	0
28	Chem. & allied products	32	31	1	0
29	Petroleum & coal	6	6	0	0
30	Rubber & misc.	96	90	5	1
31	Leather & leather products	47	40	7	0
32	Stone, clay & glass	72	70	2	0
33	Primary metals	40	36	4	0
34	Fabricated metal products	170	164	6	0
35	Machinery, except electric	337	309	25	3
36	Electronic & electrical equipment	178	163	13	2
37	Transportation equipment	22	19	3	0
38	Instruments & related products	76	69	5	2
39	Misc. mfg.	84	82	2	0
	Auxilliary	31	29	1	1
	TOTALS	2120	2016	93	11

Source: County Business Patterns '85

Part I. Industry Summary and Analysis

B. Industry Profile - Manufacturing:

2. List of number of manufacturing establishments by major industry group and employment size.

VERMONT

SIC	Major Industry Group	No. of Establishments	Employment Size Class 1-250 Small	250-999 Medium	1000+ Large
20	Food & kindred products	79	79	0	0
22	Textile mills	20	20	0	0
23	Apparel	52	52	0	0
24	Lumber	254	254	0	0
25	Furniture & fixtures	44	42	2	0
26	Paper & allied products	22	18	4	0
27	Printing & publishing	181	179	2	0
28	Chem. & allied products	20	20	0	0
29	Petroleum & coal	1	1	0	0
30	Rubber & misc.	34	33	1	0
31	Leather & leather products	8	8	0	0
32	Stone, clay & glass	111	111	0	0
33	Primary metals	11	10	1	0
34	Fabricated metal products	77	74	2	1
35	Machinery, except electric	104	98	6	0
36	Electronic & electrical equipment	39	33	5	1
37	Transportation equipment	21	20	0	1
38	Instruments & related products	16	15	0	1
39	Misc. mfg.	68	68	0	0
	Auxilliary	7	7	0	0
	TOTALS	1169	1142	23	4

Source: County Business Patterns '85

Part I. Industry Summary and Analysis

B. Industry Profile - Manufacturing:

2. List of number of manufacturing establishments by major industry group and employment size.

MASSACHUSETTS

SIC	Major Industry Group	No. of Establishments	Employment Size Class 1-250 Small	250-999 Medium	1000+ Large
20	Food & kindred products	560	543	15	2
22	Textile mills	231	213	16	2
23	Apparel	649	617	32	0
24	Lumber	393	393	0	0
25	Furniture & fixtures	278	216	2	0
26	Paper & allied products	305	287	17	1
27	Printing & publishing	1679	1640	36	3
28	Chem. & allied products	305	294	10	1
29	Petroleum & coal	62	62	0	0
30	Rubber & misc.	561	539	21	1
31	Leather & leather products	222	210	12	0
32	Stone, clay & glass	303	298	3	2
33	Primary metals	223	209	14	0
34	Fabricated metal products	1169	1143	19	7
35	Machinery, except electric	1769	1699	56	14
36	Electronic & electrical equipment	800	722	59	19
37	Transportation equipment	187	176	7	4
38	Instruments & related products	502	452	37	13
39	Misc. mfg.	548	536	9	3
	Auxilliary	289	241	41	7
	TOTALS	11035	10550	406	79

Source: County Business Patterns '85

Part I. Industry Summary and Analysis

B. Industry Profile - Manufacturing:

2. List of number of manufacturing establishments by major industry group and employment size.

RHODE ISLAND

SIC	Major Industry Group	No. of Establishments	Employment Size Class 1-250 Small	250-999 Medium	1000+ Large
20	Food & kindred products	103	103	0	0
22	Textile mills	157	152	5	0
23	Apparel	83	81	2	0
24	Lumber	61	60	1	0
25	Furniture & fixtures	28	26	2	0
26	Paper & allied products	49	49	0	0
27	Printing & publishing	261	257	3	1
28	Chem. & allied products	57	54	3	0
29	Petroleum & coal	5	5	0	0
30	Rubber & misc.	129	123	6	0
31	Leather & leather products	12	10	2	0
32	Stone, clay & glass	44	41	3	0
33	Primary metals	83	75	8	0
34	Fabricated metal products	381	374	5	2
35	Machinery, except electric	286	283	3	0
36	Electronic & electrical equipment	75	69	4	2
37	Transportation equipment	63	59	4	0
38	Instruments & related products	55	49	6	0
39	Misc. mfg.	838	818	18	2
	Auxilliary	28	25	3	0
	TOTALS	2798	2713	78	7

Source: County Business Patterns '85

Part I. Industry Summary and Analysis

B. Industry Profile - Manufacturing:

3. Shipments of Manufactured Exports by Major Industry and Export-Related Employment.

MAINE

SIC	Major Industry Group	Total Manuf. Shipments (1)	Direct & Indirect Exports (1)	Exports as a % of total Manuf.	Export Related Employment (2)
20	Food & kindred products	880.4	29.8	3.3	.3
22	Textile mills	464.9	34.8	7.4	.4
23	Apparel	256.5	4.0	1.5	--
24	Lumber	942.2	84.4	8.9	.9
25	Furniture & fixtures	50.0	.9	1.7	--
26	Paper & allied products	2816.2	227.5	8.0	1.3
27	Printing & publishing	170.4	4.5	2.6	--
28	Chem. & allied products	101.5	29.5	29.0	.1
29	Petroleum & coal	42.2	1.4	3.3	--
30	Rubber & misc.	368.2	36.1	9.8	.4
31	Leather & leather products	1018.5	51.3	5.0	.6
32	Stone, clay & glass	75.0	2.9	3.8	--
33	Primary metals	---	---	---	--
34	Fabricated metal products	210.9	17.6	8.3	.1
35	Machinery except elec.	356.0	47.0	13.2	.4
36	Electronic & electrical equipment	576.3	182.5	31.6	1.9
37	Transportation equipment	---	---	---	--
38	Instruments & related products	20.5	.9	4.3	.2
39	Misc. Mfg.	30.2	12.4	41.0	.1
	Auxilliary	---	---	---	--
	TOTALS	9088.7	850.3	9.3	8.2

(1) Millions of Dollars
(2) Thousands of Jobs

Exports as Percentage of Total Shipments 9.3%
Export Related Employment as Percentage of Total Employment 7.5% - 8.2 Jobs

Source: Origin of Exports of Manufactured Products 1983 - M83(AS)-5

Part I. Industry Summary and Analysis

B. Industry Profile - Manufacturing:

3. Shipments of Manufactured Exports by Major Industry and Export-Related Employment.

NEW HAMPSHIRE

SIC	Major Industry Group	Total Manuf. Shipments (1)	Direct & Indirect Exports (1)	Exports as a % of total Manuf.	Export Related Employment (2)
20	Food & kindred products	585.2	10.9	1.8	--
22	Textile mills	237.7	18.8	7.9	.2
23	Apparel	115.2	2.2	1.9	--
24	Lumber	315.9	19.0	6.0	.2
25	Furniture & fixtures	108.4	1.1	1.0	--
26	Paper & allied products	786.9	85.0	10.8	.7
27	Printing & publishing	402.3	6.4	1.5	.1
28	Chem. & allied products	111.0	25.2	22.7	.1
29	Petroleum & coal	--	--	--	--
30	Rubber & misc.	551.3	57.9	10.5	.8
31	Leather & leather products	284.6	20.4	7.1	.2
32	Stone, clay & glass	158.3	10.5	6.6	.1
33	Primary metals	241.7	40.5	16.7	.6
34	Fabricated metal products	429.9	42.8	9.9	.6
35	Machinery except elec.	1860.3	262.0	14.0	3.3
36	Electronic & electrical equipment	996.4	119.8	12.0	2.5
37	Transportation equipment	116.3	6.2	5.3	.1
38	Instruments & related products	512.0	108.4	21.1	1.4
39	Misc. Mfg.	102.0	5.0	4.9	--
	Auxilliary	--	--	--	.5
	TOTALS	7928.7	843.5	10.6	12.0

(1) Millions of Dollars
(2) Thousands of Jobs

Exports as Percentage of Total Shipments 10.6%
Export Related Employment as Percentage of Total Employment 11.0% - 12.0 Jobs

Source: Origin of Exports of Manufactured Products 1983 - M83(AS)-5

Part I. Industry Summary and Analysis

B. Industry Profile - Manufacturing:

3. Shipments of Manufactured Exports by Major Industry and Export-Related Employment.

VERMONT

SIC	Major Industry Group	Total Manuf. Shipments (1)	Direct & Indirect Exports (1)	Exports as a % of total Manuf.	Export Related Employment (2)
20	Food & kindred products	549.5	10.0	1.8	--
22	Textile mills	57.4	4.1	7.1	--
23	Apparel	105.4	4.4	4.1	--
24	Lumber	178.5	10.7	5.9	.1
25	Furniture & fixtures	74.6	1.0	1.3	--
26	Paper & allied products	323.2	27.1	8.3	.1
27	Printing & publishing	238.1	4.7	1.9	--
28	Chem. & allied products	32.8	2.8	8.5	--
29	Petroleum & coal	--	--	--	--
30	Rubber & misc.	105.9	9.3	8.7	.1
31	Leather & leather products	16.8	1.9	11.3	--
32	Stone, clay & glass	119.0	12.4	10.4	.2
33	Primary metals	100.2	16.9	16.8	.1
34	Fabricated metal products	378.1	138.6	36.6	1.3
35	Machinery except elec.	389.8	64.0	16.4	1.1
36	Electronic & electrical equipment	868.8	225.6	25.9	2.7
37	Transportation equipment	115.3	5.9	5.1	.1
38	Instruments & related products	73.5	13.0	17.6	.1
39	Misc. Mfg.	--	--	5.5	--
	Auxilliary	--	--	--	--
	TOTALS	3714.5	552.2	14.8	6.9

(1) Millions of Dollars
(2) Thousands of Jobs

Exports as Percentage of Total Shipments 14.8%
Export Related Employment as Percentage of Total Employment 15.5% - 6.9 Jobs

Source: Origin of Exports of Manufactured Products 1983 - M83(AS)-5

Part I. Industry Summary and Analysis

B. Industry Profile - Manufacturing:

3. Shipments of Manufactured Exports by Major Industry and Export-Related Employment.

MASSACHUSETTS

SIC	Major Industry Group	Total Manuf. Shipments (1)	Direct & Indirect Exports (1)	Exports as a % of total Manuf.	Export Related Employment (2)
20	Food & kindred products	3784.3	112.0	2.9	.5
22	Textile mills	1488.5	142.2	9.5	1.8
23	Apparel	1760.0	30.4	1.7	.4
24	Lumber	--	--	--	--
25	Furniture & fixtures	474.1	18.3	3.8	.1
26	Paper & allied products	2502.0	210.3	8.4	2.0
27	Printing & publishing	3279.5	94.1	2.8	.9
28	Chem. & allied products	2183.2	367.0	16.8	3.1
29	Petroleum & coal	242.9	8.9	3.6	--
30	Rubber & misc.	2163.3	207.5	9.5	2.8
31	Leather & leather products	876.7	58.5	6.6	.5
32	Stone, clay & glass	865.8	99.5	11.4	1.0
33	Primary metals	2123.0	350.8	16.5	2.5
34	Fabricated metal products	3471.5	441.2	12.7	6.3
35	Machinery except elec.	8955.9	2052.7	22.9	19.7
36	Electronic & electrical equipment	7148.4	1121.8	15.6	15.7
37	Transportation equipment	3190.2	718.7	22.5	4.0
38	Instruments & related products	4103.6	797.5	19.4	9.4
39	Misc. Mfg.	1721.2	174.6	10.1	2.2
	Auxilliary	--	--	--	6.5
	TOTALS	50652.3	7025.9	13.8	80.7

(1) Millions of Dollars
(2) Thousands of Jobs

Exports as Percentage of Total Shipments 13.8%
Export Related Employment as Percentage of Total Employment 12.8% - 80.7 Jobs

Source: Origin of Exports of Manufactured Products 1983 - M83(AS)-5

Part I. Industry Summary and Analysis

B. Industry Profile - Manufacturing:

3. Shipments of Manufactured Exports by Major Industry and Export-Related Employment.

RHODE ISLAND

SIC	Major Industry Group	Total Manuf. Shipments (1)	Direct & Indirect Exports (1)	Exports as a % of total Manuf.	Export Related Employment (2)
20	Food & kindred products	400.2	11.9	2.9	--
22	Textile mills	587.7	64.1	10.9	1.0
23	Apparel	161.9	2.5	1.5	--
24	Lumber	82.9	5.1	6.1	.1
25	Furniture & fixtures	--	--	--	--
26	Paper & allied products	179.3	14.7	8.1	.2
27	Printing & publishing	344.5	5.0	1.4	.1
28	Chem. & allied products	375.1	52.0	13.8	.2
29	Petroleum & coal	28.3	1.1	3.8	--
30	Rubber & misc.	434.7	56.7	13.0	.8
31	Leather & leather products	--	--	--	--
32	Stone, clay & glass	206.0	25.4	12.3	.2
33	Primary metals	875.7	141.7	16.1	1.2
34	Fabricated metal products	1098.7	79.3	7.2	1.2
35	Machinery except elec.	394.2	141.2	35.8	1.9
36	Electronic & electrical equipment	598.6	68.4	11.4	1.0
37	Transportation equipment	168.3	8.9	5.2	--
38	Instruments & related products	383.2	31.5	8.2	.6
39	Misc. Mfg.	1682.8	164.6	9.7	2.7
	Auxilliary	--	--	--	.1
	TOTALS	8222.6	883.2	10.7	12.0

(1) Millions of Dollars
(2) Thousands of Jobs

Exports as Percentage of Total Shipments 10.7%
Export Related Employment as Percentage of Total Employment 10.4% - 12.0 Jobs

Source: Origin of Exports of Manufactured Products 1983 - M83(AS)-5

Part I. Industry Summary and Analysis

B. Industry Profile - Manufacturing:

4. List of major industries, leading manufacturing sectors, and leading manufactured exports.

MAINE

Major Industries	Leading Mfg. Sectors	Leading Mfg Exports
Retail Trade	Paper and allied products	Paper & allied prods
Services	Food & kindred products	Electron & electrical equipment
Contract Construction	Lumber and wood products	Lumber
Manufacturing	Leather, leather products	Leather & leather products
Wholesale Trade	Textile mill products	

NEW HAMPSHIRE

Retail Trade	Machinery, except electric	Machinery except elec.
Services	Electric, electronic equipment	Electronic & electrical equipment
Contract Construction	Food & kindred products	Instruments & related products
Manufacturing	Rubber, misc. plastics prods	Paper & allied prods.
Finance, insurance and real estate	Fabricated metal products	

VERMONT

Retail Trade	Electric, electronic equip.	Electronic & electrical equipment
Services	Machinery, except electric	Fabricated metal products
Contract Construction	Food and kindred products	Machinery, except electrical
Manufacturing	Paper and allied products	
Finance, insurance and real estate	Fabricated metal products	

MASSACHUSETTS

Services	Machinery, except electric	Machinery except elec.
Retail Trade	Electric, electronic equipment	Electronic & electrical equipment
Contract Construction	Food and kindred products	Instruments & related products
Manufacturing	Instruments, related products	Transportation equipment
Wholesale Trade	Fabricated metal products	Fabricated metal prods.

RHODE ISLAND

Services	Jewelry, precious metals	Jewelry, precious metals
Retail Trade	Food & kindred products	Primary metals
Manufacturing	Primary metal industries	Machinery except electric
Finance, insurance & real estate	Fabricated metal products	Electronic & electrical equipment
Wholesale trade	Textile mill products	Rubber & misc. prods.

Part I. Industry Summary and Analysis

B. Industry Profile - Manufacturing:

5. Export potential for target industries.

a. SIC	Major Industry Group	b. World Area Markets
24	Lumber	Canada, Europe, Japan
26	Paper & allied products	Japan, Canada, Mexico
30	Rubber & misc.	Mexico, Latin America, Europe
31	Leather & leather products	Europe, Asia, Latin America
33	Primary metals	Canada, Europe, Caribbean
34	Fabricated metal products	United Kingdom, Canada, Caribbean
35	Machinery except electrical	Europe, Canada, Japan
36	Electronic & electrical Equipment	Asia, Europe, Canada, Mexico
37	Transportation equipment	Canada, Europe, Asia
38	Instruments & related equipment	Europe, Canada, Australia
39	Jewelry	Europe

Part I. Industry Summary and Analysis

B. Industry Profile - Manufacturing:

6. Support for Export Trade Development

a. List of major multipliers that promote export trade.

MAINE

Public Sector	Private Sector
Maine State Development Office	Maine World Trade Association Lewiston-Auburn Area Chamber of Commerce Greater Bangor Chamber of Commerce Associated Industries of Maine

NEW HAMPSHIRE

State of New Hampshire	Greater Manchester Chamber of Commerce University of New Hampshire Greater Portsmouth Chamber of Commerce

VERMONT

State of Vermont Agency of Development & Community Affairs	Lake Champlain Regional C of C

MASSACHUSETTS

Mass. Dept. of Commerce & Development Mass Port Authority Small Business Administration National Marine Fisheries	International Business Center of New England Smaller Business Association of New England Associated Industries of Mass. Greater Springfield Chamber of Commerce South Shore Chamber of Commerce Waltham/West Suburban Chamber of Commerce New England Council Bank of Boston Bay Bank Bank of New England State Street Bank & Trust Shawmut National Bank

RHODE ISLAND

Rhode Island Department of Economic Development	Greater Providence Chamber of Commerce Greater Woonsocket Chamber of Commerce Hospital Trust Corporation Old Stone Bank Fleet National Bank Community Development Trading Group R.I. Small Business Development Center

Part I. Industry Summary and Analysis

B. Industry Profile - Manufacturing:

6. Support for Export Trade Development

b. Major International Trade Activities

International Trade Activities:

1. Matchmaker's Conference, Lowell, Ma. Sept. 8, 1987
2. Distribution License Seminar, World Trade Center, August 14-15, 1987
3. In-plant Seminar, McCormack & Dodge, Natick, MA., July 9, 1987
4. Mass. Small Business Advisory Board Conference, Boston, June 18, 1987
5. World Bank Conference, Boston, June 18, 1987
6. IBC Annual Meeting, Boston, June 11, 1987
7. Agent/Distributor Relations, Bunker Hill Community College, Boston, June 9, 1987
8. Marketing Medical Devices, Dept.Health & Human Services, Cambridge, June 9, 1987
9. Malaysia Trade Mission, Burlington, MA., June 8, 1987
10. A.I.D., Boston, June 4, 1987
11. Meeting with Governor of Maine, Augusta, ME., June 9, 1987
12. World Trade Day, Augusta, Me., June 9, 1987
13. World Trade Event & Procurement Conference, Burlington, Vt., June 2-3,1987
14. International Opportunities for Growing Companies, Arthur Young Co., Boston, May 26, 1987
15. Holland Int'l Distribution Center, Rotterdam Seminar, IBC, Boston, May 12, 1987
16. Export Licensing Seminar, Emery Worldwide, Boston, May 6, 1987
17. Government Procurement Industrial Show, Burlington, Vt., June 2-3, 1987
18. World Trade Week, Manchester, New Hampshire, May 19, 1987
19. International Banking/Exporting Seminar, Rutland, VT., May 11, 1987
20. Exporting Seafood, Boston, April, 23, 1987
21. Exporting Your Goods and Services, Augusta, Me., March 26, 1987
22. World Trade Day, World Trade Center, Boston, May 27, 1987
23. Export Licensing, Marketing, Financing, Documentation, Waltham, Ma., May 6, 13, 20, and 27, 1987
24. Export Financing & Marketing, Quincy, Ma., April 21 & 28, 1987
25. Symposium on Competitiveness, IBC, World Trade Center, April 10, 1987
26. Inter-American Development Bank Seminar, World Trade Center, April 9, 1987
27. Export Workshop, Needham, Ma., April 2, 1987
28. Meet the USA, Northeastern University, Boston, March 27-29, 1987
29. Advanced Seminar on Export Licensing, Boston, March 25, 1987
30. Korean Buying Mission, World Trade Center, March 5-7, 1987
31. World Trade Day, Bryant College, Rhode Island, May 21, 1987

32. Introductory Seminar on Export Licensing, Boston, February 18, 1987
33. Planning International Trade Awareness Program, Mass. Board of Regents for Higher Education, Boston, February 6, 1987
34. International Banking & USDOC Services, Rutland, Vt., March 7, 1987
35. Exporting & International Trade, University of Mass, Amherst, Ma., March 5, 1987
36. Export Licensing, Logan International Airport, Boston, Feb 18, 1987
37. Assist Firms Northern Essex Area re International Trade, Northern Essex College, Haverhill, Ma., January 20, 1987
38. North-East Wood Products, EXPO '87, Boston, Feb .26-28, 1987
39. Joint Seminar with SBA on International Trade, Portland, Me., Feb. 1, 1987
40. ABC's of Exporting, Newport, R.I., Jan 20., 1987
41. Republic of China on Taiwan Trade Week, World Trade Center, November 24, 1986
42. Fourth U.S.-China Joint Legal Seminar, World Trade Center, Nov. 17, 1986
43. U.S.DOC Services & Export Licensing, Bank of New England, Boston, Nov. 13, 1986
44. CBI Presentation, World Trade Center, November 3, 1986
45. Doing Business in PRC, Providence, R.I., November 18, 1986
46. Business-to-Business Conference, World Trade Center, October 21-23, 1986
47. How to do Business in Indonesia, State House, Boston, October 16, 1986
48. Recruitment for Hannover, W.G., Fair, Cambridge, October 7, 1986
49. The Indian Economy Conference, B.U., Boston, October 7, 1986
50. Doing Business with Thailand, World Trade Center, October 3, 1986
51. Overcoming the Fear Factor in Exporting, Bunker Hill College, October 1, 1986
52. Export Seminar, Lawrence Chamber of Commerce, Oct. 21, and 28, Nov. 4 and 11.
53. EXIM/Bank OPIC Workshop, Lawrence Chamber of Commerce Nov. 18, 1986
54. Lt. Governor's Conference on Small Business, Warwick, R.I., Oct 21, 1987
55. The Amsterdam Tradeway, Pier 4, Boston, October 14, 1986
56. BUSCON '86 East, Northeast Trade Center, Woburn, Ma., October 1-2, 1987

Part I. Industry Summary and Analysis

C. Industry Profile - Selected Service Industries.

MAINE

SIC Major Industry Group	No. of Establishments	Employment Size Class 1-250 Small	250-999 Medium	1000+ Large
737 Computer & Data Processing	57	57	0	0
7372 Computer Programming	24	24	0	0
7374 Data Processing	18	18	0	0
7379 Computer Related	0	0	0	0
739 Miscellaneous Business	411	407	4	0
7392 Management & Publications	113	113	0	0
891 Engineering & Architectural	250	248	2	0
TOTALS	718	712	6	0

Source: County Business Patterns '85

Part I. Industry Summary and Analysis

C. Industry Profile - Selected Service Industries.

NEW HAMPSHIRE

SIC Major Industry Group	No. of Establishments	Employment Size Class 1-250 Small	250-999 Medium	1000+ Large
737 Computer & Data Processing	155	155	0	0
7372 Computer Programming	71	71	0	0
7374 Data Processing	30	30	0	0
7379 Computer Related	40	40	0	0
739 Miscellaneous Business	486	486	0	0
7392 Management & Publications	194	194	0	0
891 Engineering & Architectural	291	291	0	0
TOTALS	932	932	0	0

Source: County Business Patterns '85

Part I. Industry Summary and Analysis

C. Industry Profile - Selected Service Industries.

VERMONT

SIC Major Industry Group	No. of Establishments	Employment Size Class 1-250 Small	250-999 Medium	1000+ Large
737 Computer & Data Processing	45	45	0	0
7372 Computer Programming	20	20	0	0
7374 Data Processing	11	11	0	0
7379 Computer Related	0	0	0	0
739 Miscellaneous Business	245	244	1	0
7392 Management & Publications	87	86	1	0
891 Engineering & Architectural	430	430	0	0
TOTALS	720	719	1	0

Source: County Business Patterns '85

Part I. Industry Summary and Analysis

C. Industry Profile - Selected Service Industries.

MASSACHUSETTS

SIC Major Industry Group	No. of Establish-ments	Employment Size Class 1-250 Small	250-999 Medium	1000+ Large
737 Computer & Data Processing	1022	1001	19	2
7372 Computer Programming	510	501	8	1
7374 Data Processing	227	218	9	0
7379 Computer Related	226	223	2	1
739 Miscellaneous Business	3250	3217	27	6
7392 Management & Publications	1471	1462	8	1
891 Engineering & Architectural	1605	1591	13	1
TOTALS	5877	5809	59	9

Source: County Business Patterns '85

Part I. Industry Summary and Analysis

C. Industry Profile - Selected Service Industries.

RHODE ISLAND

SIC Major Industry Group	No. of Establishments	Employment Size Class 1-250 Small	250-999 Medium	1000+ Large
737 Computer & Data Processing	100	99	1	0
7372 Computer Programming	56	56	0	0
7374 Data Processing	20	19	1	0
7379 Computer Related	20	20	0	0
739 Miscellaneous Business	387	384	3	0
7392 Management & Publications	131	131	0	0
891 Engineering & Architectural	225	224	1	0
TOTALS	712	707	5	0

Source: County Business Patterns '85

Part I. Industry Summary and Analysis

D. Industry Profile - Prospective Exporters

1. Prospective exporters continue to be developed with the following criteria:

   a. Small and medium sized 1-249 or 250-999 employees respectively.

   b. SIC of product is in target industries. See estimates of potential firm universe by SIC and State (Chart #1).

   c. Characterized by growth factors:

      1. high export demand potential

      2. high technology

      3. strong research and development programs

      4. high value added lines

      5. strong capital structure on above average capital access

      6. special or unusual marketing techniques

      7. high domestic market share

      8. capability for sustained export market performance

2. Each trade specialist maintains a current list of established exporters. At the beginning of the year the specialist develops a high potential list of prospective accounts.

3. Chart #2 indcates the spread of high potential firms by territory in the current office list of established exporters. Beside this number is the count in each SIC category of the FY 1988 prospective list developed by the specialists. Note that not all of the established firms will be developed from the prospective lists nor will all the prospective firms be in the high potential SIC categories.

4. It is expected that on a per territory basis there will be a substantial increase in the high potential firms on the established list by the end of FY 1988.

5. Records will be kept to monitor the contacts from the lists held by each specialist. Some os these accounts will be developed into established accounts during FY 1988, as will other accounts that come to the attention of the specialist. Clients that do not develop export potential will be regularly deleted from the specialists' account list.

(Chart #1)

SELECTED INDUSTRIES SUBSECTORS

		MASS	RHODE ISLAND	NEW HAMPSHIRE	VERMONT	MAINE	TOTALS
TARGET INDUSTRIES							
Paper Mills	262	36	--	13	7	13	69
Hardware	342	94	18	16	10	9	147
Farm Mach.	3523	7	--	--	--	--	7
Const.Equip.	353	44	6	4	2	10	66
Tools	3541	38	15	7	6	5	71
Food Mach.	3551	20	--	4	--	--	24
Graphics	3555	33	--	4	--	--	37
Computers	3573	158	6	37	4	4	209
Elec.Appar.	362	55	5	13	6	4	83
Appliances	363	20	1	3	1	5	30
Telecom.	366	138	10	21	4	7	180
Elec. Comp.	367	383	29	101	17	21	551
Laboratory	381	57	3	6	1	3	70
Pollution	3822	9	3	--	--	2	14
Proc.Contr.	3823	42	4	7	--	--	53
Medical	384	124	19	22	4	7	176
Jewelry	391	109	361	12	12	12	506
Sports-Toys	394	73	16	12	23	14	138
TOTALS		1440	496	282	97	116	2431

CHART 2: ESTABLISHED/PROSPECTIVE ACCOUNTS

SIC	04-MA	06	07	08-MA	09	10	12	TOTAL MA	TOTAL 15-MR	TOTAL 04-NH	TOTAL 05-RI	TOTAL 08-VT	TOTAL OFFICE
3573	1/0	24/0	64/0	2/0	14/16	57/0	83/23	245/39	1/0	27/3	9/2	2/0	284/44
3661	0/0	12/0	17/0	6/0	10/0	9/0	19/1	73/1	3/1	11/0	3/0	2/0	92/2
384	0/0	32/8	15/5	1/0	8/2	13/1	8/3	77/19	0/2	8/0	3/0	0/0	88/21
362	0/0	6/1	3/0	1/0	3/1	5/0	4/0	22/2	1/0	7/0	1/2	2/0	33/4
367	1/0	21/2	20/3	5/0	19/0	26/3	44/3	136/11	8/3	33/1	10/6	5/1	192/22
3541	1/0	7/0	7/0	6/0	4/0	4/0	2/0	31/0	2/1	3/1	7/2	6/3	49/7
353	0/1	5/0	1/1	3/0	4/0	2/4	2/0	17/6	6/0	4/0	2/1	0/0	29/7
381	0/0	8/0	6/4	3/0	3/1	10/2	4/0	34/7	2/2	8/0	4/1	1/0	49/10
3551	2/0	16/0	1/1	11/0	3/0	4/0	5/0	42/1	0/0	13/0	9/0	2/1	66/2
3823	0/0	10/0	17/0	0/0	18/2	7/0	13/2	65/4	0/1	1/1	4/0	3/0	73/6
3523	0/0	0/0	3/0	0/0	0/0	0/0	3/0	6/0	2/1	0/0	0/0	1/0	9/1
3555	0/0	6/0	0/0	3/0	2/1	3/0	2/0	16/1	1/0	6/0	3/0	4/0	30/1
3822	0/0	0/0	1/0	0/0	0/0	2/0	4/0	7/0	0/0	1/0	1/1	0/0	9/1
196	0/0	5/0	4/0	6/0	1/0	1/0	4/2	21/2	3/3	4/0	1/2	5/3	36/10
142	2/1	5/0	2/0	4/0	1/0	0/1	1/0	15/2	5/3	2/0	1/1	1/0	24/6
143	0/0	2/0	2/0	0/0	0/0	2/0	0/0	6/0	3/2	0/0	0/0	0/0	9/2
2391	0/0	4/0	0/0	1/0	3/0	1/0	0/0	9/0	2/0	1/0	1/1	0/0	13/1
391	0/0	8/0	0/0	2/0	2/1	0/0	2/1	14/2	0/1	2/0	10/9	0/0	26/12
262	2/0	3/0	0/0	2/0	0/0	0/0	1/0	8/0	2/1	4/0	2/0	0/0	16/1
7372	0/0	7/2	0/0	1/0	3/1	30/0	2/0	43/3	0/0	0/0	0/2	1/0	44/5
891	2/0	0/0	4/0	4/0	17/6	4/0	1/0	32/6	0/0	0/0	0/0	0/0	32/6
TOTAL EST./PROS.	11/2	181/13	167/14	61/0	115/31	180/11	204/35	919/106	41/21	135/6	71/30	35/8	1201/171

Accounts by BO reference

The Boston District Office will implement the following program activities and selected trade promotion events during the 1988 fiscal year. The ultimate objective of these activities and events is to assist U.S. small and medium sized firms to develop export markets (new-to-export) and/or to develop new markets (new-to-market).

MAJOR ACTIVITIES

I. International Counseling Services.

A. Individual Counseling Services

The Boston District Office will continue to provide information to businesses on the role they play in promoting American exports. As in the past, this will be coordinated and enhanced through District Office contacts in the U.S.&F.C.S., other bureaus within the Commerce Department, Export-Import Bank, Foreign Agricultural Service, F.C.I.A., State Department, Overseas Private Investment Development Corporation, Small Business Administration, etc. Appropriate information will also be provided on both public and private sector data that will enhance the likelihood of productive market entry for the American firm.

1. Prospective Accounts

Through an on-going process of contacts and lead, the Boston District Office refines its client list. Prospective accounts are obtained through all sources. Particularly effective means of reach companies that have not yet begun to export is through country and product specific seminars. In this way companies which are interested in exporting to countries which are receptive to American products, and commodities with export potential are used to obtain high caliber prospective accounts.

During the 1988 fiscal year it is expected that 300 out-of-office and 270 in-office counseling sessions will be held with firms that fall into this category. After interviews with a prospective account a determination will be made as to the commitment by the company to pursue international markets, and the likely success for international sales of the commodity.

2. New Accounts (New-to-Export Firms)

It is envisioned that approximately 113 out-of-office and 93 in-office counseling sessions will be held during the 1988 fiscal year. The change in status will signify a concerted effort by the District Office Trade Specialists to provide the firm with the necessary information and assistance to achieve successful new-to-export sales. It is envisioned that 26 firms will make their initial export during fiscal year 1988 due to the assistance provided by the Boston District Office.

As with prospective accounts, cooperation with the various divisions within the Commerce Department, Federal community, and public sector will occur to bring neeeded information to the new account. Tax incentives and concerns, export licensing regulations, and benefits derived from international trade will continue to be stressed.

3. Established Accounts (New-to-Market Firms)

During fiscal year 1988, the Boston District Office will maintain a core of approximately 2000 established acounts which will be serviced by 953 out-of-office visits and 860 in-office counseling sessions. Included businesses and groups from all sectors of the community which have a role to play in international trade. Also represented are the various associate offices, local and state governments, banks and chambers of commerce.

Established accounts form the majority of clients serviced by the District Office. It is these firms that have progressed through the stages mentioned above and are expanding their overseas markets. For that reason, this group will supply the majority of new-to-market transactions. During the fiscal year 1988, it is envisioned that 83 sales into new markets will be consummated due to the efforts of the District Office.

4. Export Administration Counseling

A major service enjoyed, and demanded, by the exporting community of New England is help in dealing with the Export Administration Regulations. The Boston District Office has built up a reputation in New England, and in OEA, as being knowledgeable and elpful in providing aid to exporters coping with Trade Administration. During the 1988 fiscal year 1230 of all calls out of office contacts to be handled by the Trade Specialists will touch upon export administration.

B. Seminar Counseling Services

Export marketing seminars concerning trading with specific countries, particular industries, financing, and documentation (including Export Administration) will be sponsored by the Boston District Office.

C. Counseling for Inter-Agency Agreements

The Boston District Office continues to provide support to the Trade Fair Certification Program by identifying and publicizing appropriate events.

In addition, the New England region of the Small Business Administration and Boston District Office will continue to work closely on SBA and SBA/ITA sponsored overseas promotion programs. A joint memorandum of understanding exists between this office and the SBA office to underscore our cooperation. Companies recruited by this office for ITA trade shows have received, and will continue to receive, SBA funding for a portion of their participation expenses. The District Office will co-sponsor export trade conferences, seminars and workshops as may be appropriate.

We will participate as members of SBA's newly formed International Trade Task Force.

D. Caribbean Basin Initiative

The District Office will be working with the State Commission of Foreign Affairs of the Massachusetts State Legislature to disperse CBI trade leads and contacts. In addition, leads will be printed in the office newsletter and the office will cooperate in forthcoming conferences in Boston on CBI. Maximum effort will again be made to respond to the needs of visiting groups.

E. Free Trade Agreement

If the free trade agreement with Canada is successfully concluded, we are prepared to hold seminars and conferences with each State office of Economic Development.

F. Export Trading Companies (ETC)

The district office will promote and encourage the formation of export trading companies by including appropriate counseling as may be responsive to the interests and needs of the local business communities and/or as requested by the Office of Domestic Operations of US&FCS.

II. Domestic Business Counseling Services

Domestic marketing assistance will continue to be provided through this District Office. Information maintained in our library, statistics compiled by the Census Bureau, and other federal agencies, is freely accessible to the public by contacting this office.

As directed by the Office of Domestic Operations, US&FCS, the district office will provide counseling services and other appropriate support for Continuing of Government Programs (COG). District office will also provide in fiscal year 1988 support for the National Defense Executive Reserve (NDER). Plans for emergency preparedness and procurement will be mained in compliance with instructions from the Departmental Office of Emergency Readiness.

During fiscal year 1988 the Boston District Office will support four procurement conferences under Congressional sponsorship.

ANALYSIS OF RESOURCE REQUIREMENTS

In FY 88, the major budget item regarding resources to carry out the mission of the Boston District Office is that for travel. Since the trade specialists will travel at least twice weekly in their territories and will emphasize second tier cities, thus necessitating long distances. It is expected that the current budget request may not be sufficient.

The second major item in resources is personnel. Every effort will be made to accomplish our task with the present personnel numbers. This necessitates a maximum of targetting of effort. Present employees are listed with BO#s.

A final resource requirement will be the need for adequate followup staff and word processing equipment of markting efforts with client firms. It is hoped that current facilities and staff will be sufficient to this task.

Training in computer literacy will be a major effort to improve resource utilization. Four hundred and ninety-one hours (491) of training is projected for FY 1988 for the following employees:

Trade Specialists	144 hours
Branch Office Trade Specialists	62 hours
Trade Assistants (TRA & TAs)	100 hours
Secretary	73 hours
Systems Administrators	112 hours

The access of coverage will be:

CIMS:

Wang Office	165 hours
Client Database	106 hours
Market Research	15 hours
Tele/NIH	47 hours
PC	89 hours
Systems Administrators	69 hours

EMPLOYEE NAME	BO#
Recently Vacated Trade Specialist	08
Vacancy Trade Specialist	09
JOYCE, John P. Trade Specialist	07
KESSLER, Lawrence R. Trade Specialist	10
LIPINSKI, Mary E. Trade Assistant	—
MEERBACH, Raimond Trade Specialist	05
NYULASZI, Stephen M. Trade Specialist	15
O'CONNOR, Frank J. Supervisory Trade Specialist (District Office Director)	01
RUSSELL, Nancy E. Trade Specialist	12
SEILER, Bertha S. Secretary	—
THOMAS, James E. Trade Specialist	06
WALSH, Kathleen M. Trade Reference Assistant	—
WILLIAMS, Edmund R. Trade Specialist	04

PROPOSED EVENTS FY 1988

Title of Event	Location	Date
Getting the Edge on Asia	Manchester, N.H.	October '87
U.S.DOC Distribution License	Andover, MA	October '87
Management Exchange Opportunities with the PRC	Boston (WTClub)	October '87
New England Economic Project & the IBC: International Trade & New England	WTC, Boston	October '87
The Anatomy of a Deal	Framingham, MA	October '87
Marketing Information	Boxboro, MA	October '87
Computer & Software Industries in Italy	Boston	November '87
Export Marketing	Woburn, MA	November '87
Export Financing	Ditto	Ditto
Harmonized System	Springfield, MA	November '87
Overview of US&FCS	Brockton, MA	November '87
Communication Challenges in Asia	WTC. Boston, MA	November '87
GATT Update: Ambassador, Geneva	WTClub, Boston, MA	November '87
Introductory Export Regulations	Boston, MA	November '87
Equity Finance & Venture Capital in W.G.	WTClub	November '87
Harmonized System	Providence, RI	November '87
Mission to Atlantic Provinces N.Brunswick & Nova Scotia	Canada	November '87
Export Documentation	Woburn, MA	December
Export Licensing	Ditto	Ditto
Licensing & Technology Transfer	Manchester, N.H.	December '87
Computer Systems Technical	Cambridge, MA	December '87

Foreign Sales Corp.	Manchester, NH	January '88
International Marketing	Boston, MA	February '88
Export Control	Boston, MA	March '88
Roundtable - Sister Cities	Durham, NH	March '88
World Trade Week Proclamation	Governors' Office	May '88
World Trade Day	Bedford, NH Providence, RI Boston, MA Burlington, VT Augusta, ME	May '88
Trade Exposition	Manchester, NH	May '88
Export Marketing Export Financing Export Licensing Export Documentation	Waltham, MA Ditto Ditto Ditto	May '88 Ditto Ditto Ditto
Exporting for Profits	Nashua, NH	June '88
Export Control	Ditto	June '88
Int'l Marketing	Nashua, NH	June '88
SBA Task Force Meetings	Providence, RI	Quarterly FY 1988
SBA Task Force Meetings	Boston, MA	Ditto
SBA Task Force Meetings	Augusta, ME	Ditto
SBA Task Force Meetings	Manchester, NH	Ditto
SBA Task Force Meetings	Montpelier, VT	Ditto
Export Licensing & Int'l Marketing	Boston	September '88
Trade Mission w/Maine Governor	Europe	Spring '88

ANNUAL WORK PLAN
SUMMARY PERFORMANCE FORECAST

District Office: BOSTON Period: FY 1988

Director: Frank J. O'Connor

Measurable Performance Activities	Performance Forecast FY 1988 Annual
Critical Element #II: Counseling Services	
I. INTERNATIONAL COUNSELING SERVICES	
A. ESTABLISHED ACCOUNTS	
1. No. Out-of-Office Counsel. Sess.	953
2. No. In-Office Counsel. Sess.	920
B. NEW ACCOUNTS	
1. No. Out-of-Office Counsel. Sess.	113
2. No. In-Office Counsel. Sess.	93
C. PROSPECTIVE ACCOUNTS	
1. No. Out-of-Office Counsel. Sess.	300
2. No. In-Office Counsel. Sess.	270
D. PROJECTED NTE/NTM TRANSACTIONS	
1. No. Firms Making NTE Sales	26
2. No. NTM Penetrations	83
E. EXPORT ADMINISTRATION COUNSELING SESSIONS (exclusive of above)	1230
F. MARKETING SERVICES	
1. No. TOP Subscriptions	
2. No. ADS Applications	109
3. No. EMLS/TL	105
4. No. NPIS/IMS	64
5. No. AITS Active Acct. Registrations	305
G. WORKSHOPS/SEMINARS/CONFERENCES	
1. No. Export Workshops/Seminars/Conferences	91
II. DOMESTIC COUNSELING SERVICES	
A. MARKETING ASSISTANCE -	
1. No. Out-of-Office Counsel. Sess.	40
2. No. In-Office Counsel. Sess.	49
B. WORKSHOPS/SEMINARS/CONFERENCES	
1. Federal Procurement Conferences	4
2. No. Business Development Conf.	10
3. Other	
III. OTHER SPECIAL ASSIGNMENTS/PROJECTS (Specify)	
State of Maine Trade Mission	
New Brunswick & Nova Scotia Seminar	

Revised July 1986, 0040Z/4

ANNUAL WORK PLAN - SUMMARY PERFORMANCE FORECAST (cont'd) - page 2

District Office: Boston
Director: Frank J. O'Connor
Period: FY 1988

Measurable Performance Activities	Performance Forecast FY 1988 (annual)
Critical Element #III: Representational/ Promotional Activities	
I. MAJOR MULTIPLIERS	
A. DISTRICT EXPORT COUNCIL	
1. No. Counseling Sessions	12
2. No. Committee Meetings	4
3. Annual Work Plan Submission Date	
4. Special Projects	
5. No. Plenary Meetings	
B. STATE DEVELOPMENT AGENCIES	
1. No. Calls/Counseling Sessions	58
2. Annual Federal/State Cooperative Plan Submission Date	5
3. Special Projects	
C. ASSOCIATE OFFICES	
1. No. Calls/Counsel. Sessions	54

	No. Targeted Firms	No. Calls/ Counseling Sessions	Est. No. Participating Firms
II. TRADE PROMOTION EVENTS			
A. Overseas Trade Events (Name of Event)	////////////	////////////	////////////
Matchmaker	15-20		
Agribusiness Equip.	20-25		
High-Tech Electronics	20-25		
Healthcare Services	8-10		
General Industrial	500-1000		
(Catalog) General Industr.			
B. EVENT COORDINATION			ts
1. Foreign Buyer Missions to USA			
2. District/Region Trade Promotion Events			
a. IOGA/SOGA Trade Missions			
b. Catalogue/Video Catalogue Shows Participation			
C. SPECIAL PROJECTS (list if any)			

	Number
III. RECOGNITION PROGRAMS	
A. No. Applicants "E"/"E" Star Awards	6
B. Other	
IV. REPRESENTATIONAL ACTIVITIES	
A. No. Media Releases	4
B. No. Newsletters Published	10

I have read and approve the Annual Work Plan for the current fiscal year.

Signed: _____ Date: _____
(Director/Deputy Director)

Signed: _____ Date: _____
(Regional Managing Director)

ENCLOSE ORIGINAL WITH DISTRICT OFFICE ANNUAL WORK PLAN

BO-15

Maine

BO-05

Rhode Island

BO-04

New Hampshire &
Massachusetts
Acton
Ashburnham
Ashby
Bedford
Chelmsford
Concord
Fitchburg
Gardner
Lancaster
Lawrence
Leominster
Lexington
Lincoln
Lowell
Maynard
Stow
Sudbury
Templeton
Westminster

BO-12

Andover
Ayer
Billerica
Boxborough
Burlington
Carlisle
Dracut
Danvers
Dunstable
Groton
Hudson
Littleton
Lunenburg
Methuen
North Andover
North Reading
Peabody
Pepperell
Reading
Shirley
Tewksbury
Townsend
Tyngsborough
Westford
Wilmington
Woburn

BO-07

Boston
(Brookline)
Cambridge

BO-06

Abington
Acushnet
Attleboro
Avon
Barnstable
Bellingham
Berkley
Bourne
Braintree
Brewster
Bridgewater
Brockton
Canton
Carver
Chatham
Chilmark
Cohasset
Dartmouth
Dedham
Dennis
Dighton
Dover
Duxbury
East Bridgewater
Easthan
Easton
Edgartown
Fairhaven
Fall River
Falmouth
Foxborough
Franklin
Freetown
Gay Head
Gosnold
Halifax
Hanover
Hanson
Harwich
Hingham
Holbrook
Hopedale
Hull
Hyannis
Kingston
Lakeville
Mansfield
Marion
Marshfield
Mashpee
Mattapoisett
Medfield
Medway
Middleborough
Milford
Millis
Milton
Nantucket
Needham
New Bedford
Newton
Norfolk
North Attleboro
Norton
Norwell
Norwood
Oak Bluffs
Orleans
Pembroke
Plainville
Plymouth
Plympton
Provincetown
Quincy
Randolph
Raynham
Rehoboth
Rochester
Rockland
Sandwich
Scituate
Seekonk
Sharon
Somerset
Stoughton
Swansea
Taunton
Tisbury
Truro
Walpole
Wareham
Wellfleet
West Bridgewater
West Tisbury
Westport
Westwood
Weymouth
Whitman
Wrentham
Yarmouth

BO-09

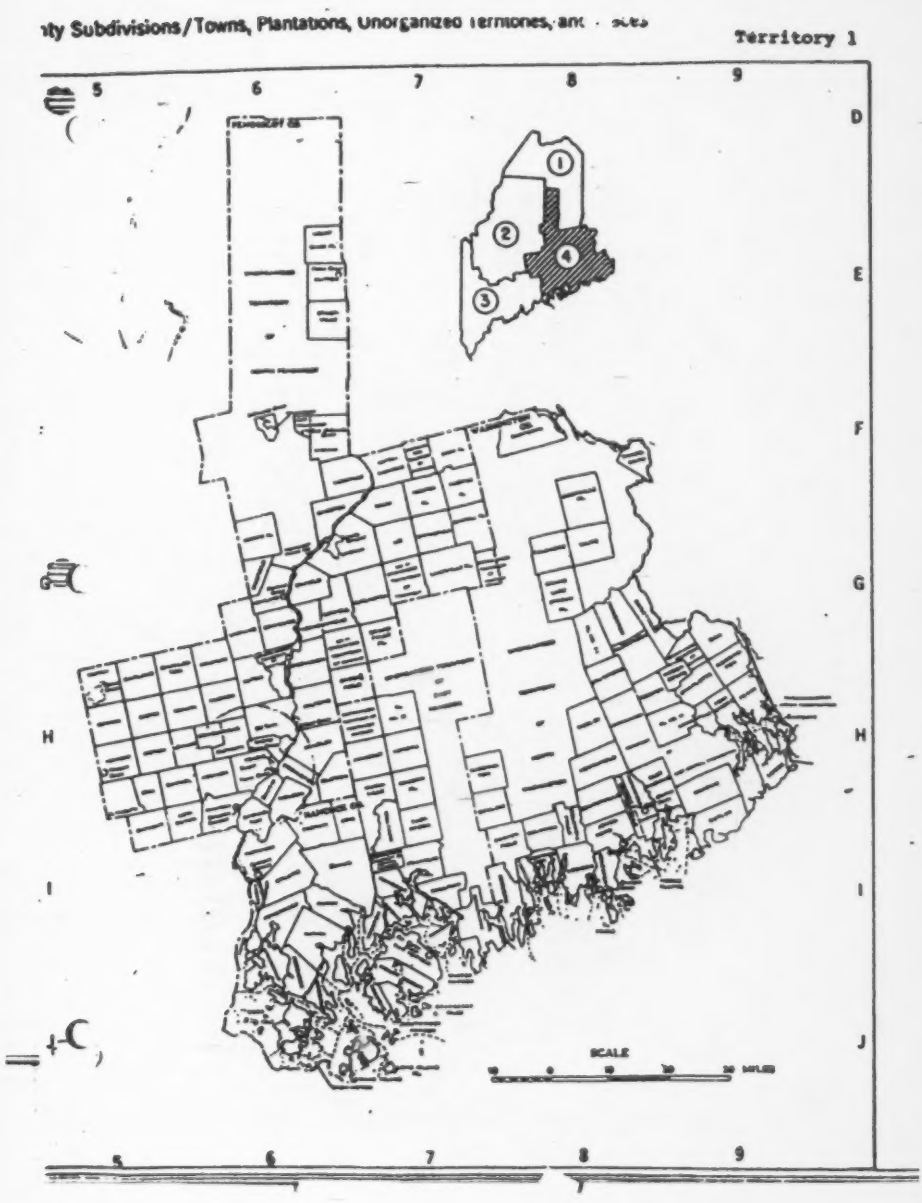
Vermont &
Massachusetts
Adams
Agawam
Alford
Amherst
Ashfield
Becket
Belchertown
Bernardston
Blandford
Brimfield
Buckland
Charlemont
Cheshire
Chester
Chesterfield
Chicopee
Clarksburg
Colrain
Conway
Cummington
Dalton
Deerfield
East Longmeadow
Easthampton
Egremont
Erving
Florida
Gill
Goshen
Granby
Granville
Great Barrington
Greenfield
Hadley
Hampden
Hancock
Hatfield
Hawley
Heath
Hinsdale
Holland
Holyoke
Huntington
Lanesborough
Lee
Lenox
Leverett
Leyden
Longmeadow
Ludlow
Monroe
Monson
Montague
Monterey
Montgomery
Mount Washington
New Ashford
New Marlborough
New Salem
North Adams
Northampton
Northfield
Orange
Otis
Palmer
Pelham
Peru
Pittsfield
Plainfield
Richmond
Rowe
Russell
Sandisfield
Savoy
Sheffield
Shelburne
Shutesbury
South Hadley
Southampton
Southwick
Springfield
Stockbridge
Sunderland
Tolland
Tyringham
Wales
Ware
Warwick
Washington
Wendell
West Springfield
West Stockbridge
Westfield
Westhampton
Whately
Wilbraham
Williamsburg
Williamstown
Windsor
Worthington

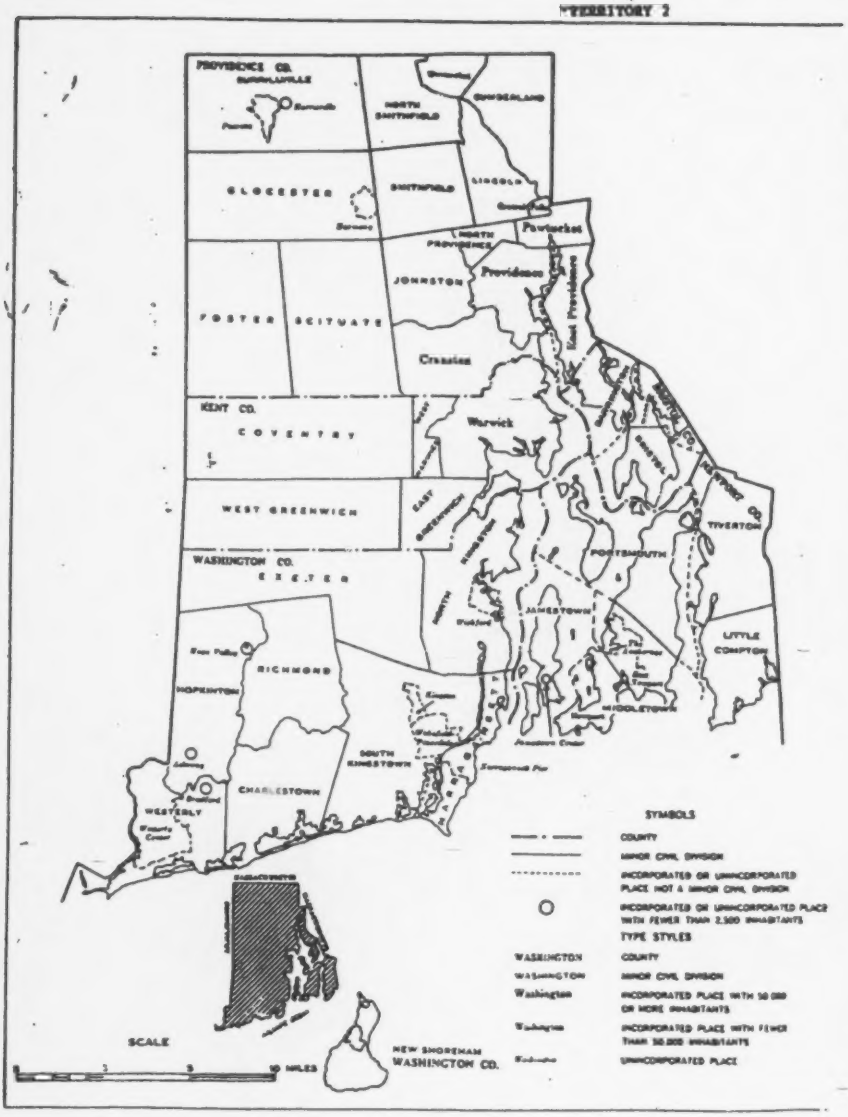
BO-10

Ashland
Athol
Auburn
Barre
Berlin
Blackstone
Bolton
Boxford
Boylston
Brookfield
Charlton
Clinton
Douglas
Dudley
East Boylston
East Brookfield
Framingham
Grafton
Hardwick
Harvard
Holden
Holliston
Hopkinton
Hubbardston
Leicester
Marlboro
Mendon
Millbury
Millville
Natick
New Braintree
North Brookfield
Northborough
Northbridge
Oakham
Oxford
Paxton
Petersham
Phillipston
Princeton
Royalston
Rutland
Sherborn
Shrewsbury
Southborough
Southbridge
Spencer
Sterling
Sturbridge
Sutton
Upton
Uxbridge
Weban
Waltham
Warren
Wayland
Webster
Wellesley
West Boylston
West Brookfield
Westborough
Westminster
Weston
Worcester

BO-09

Amesbury
Arlington
Belmont
Beverly
Boxford
Chelsea
Essex
Everett
Georgetown
Gloucester
Groveland
Hamilton
Haverhill
Ipswich
Lynn
Lynnfield
Malden
Manchester
Marblehead
Medford
Melrose
Merrimac
Middleton
Nahant
Newbury
Newburyport
Revere
Rockport
Rowley
Salem
Salisbury
Saugus
Somerville
Stoneham
Swampscott
Wakefield
Watertown
Wenham
Winchester
Winthrop

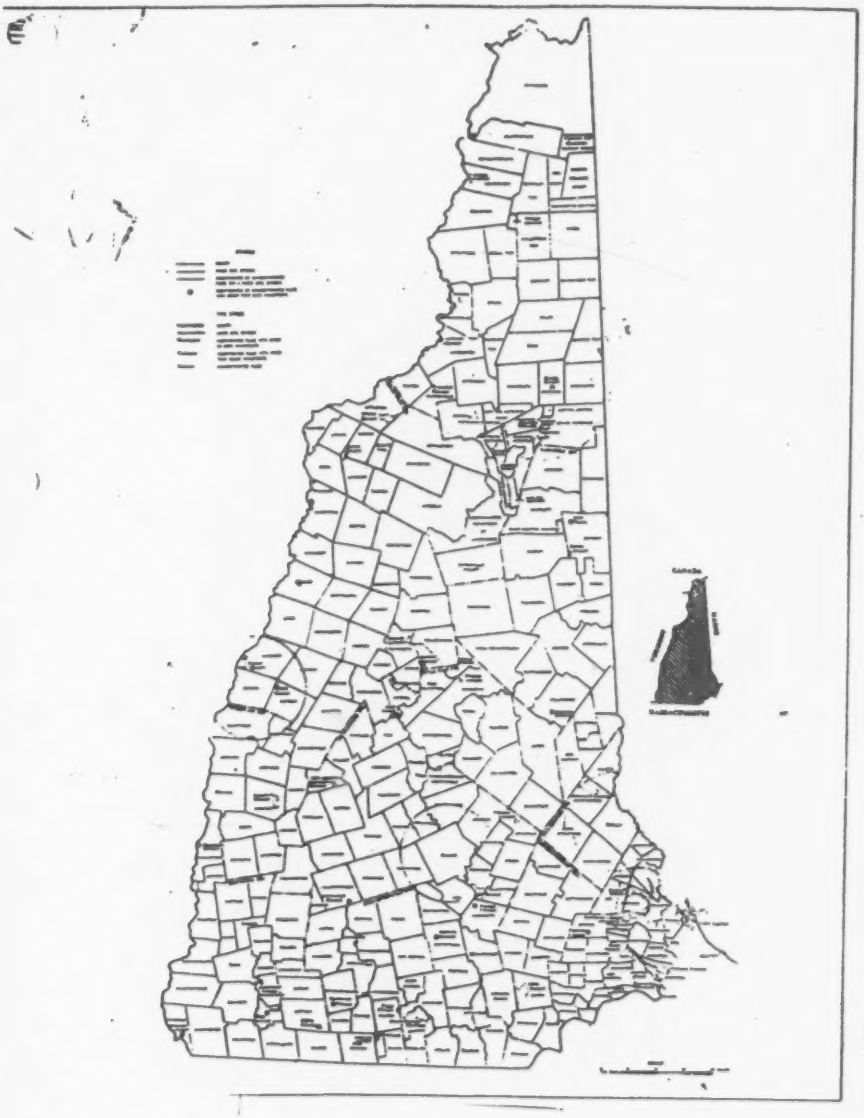

ity Subdivisions/Towns, Plantations, Unorganized Territories, and
Territory 1
5
6
7
8
9
D
E
F
G
H
I
J
1
2
3
4
SCALE


TERRITORY 2
PROVIDENCE CO.
NORTH SMITHFIELD
GLOCESTER
SMITHFIELD
LINCOLN
Pawtucket
NORTH PROVIDENCE
JOHNSTON
Providence
FOSTER
SCITUATE
Cranston
KENT CO.
COVENTRY
Warwick
WEST GREENWICH
EAST GREENWICH
WASHINGTON CO.
EXETER
TIVERTON
PORTSMOUTH
JAMESTOWN
LITTLE COMPTON
RICHMOND
HOPKINTON
CHARLESTOWN
SOUTH KINGSTOWN
MIDDLETOWN
NEWPORT CO.
WESTERLY
NARRAGANSETT
SCALE
MILES
NEW SHOREHAM
WASHINGTON CO.
SYMBOLS
COUNTY
MINOR CIVIL DIVISION
INCORPORATED OR UNINCORPORATED PLACE NOT A MINOR CIVIL DIVISION
INCORPORATED OR UNINCORPORATED PLACE WITH FEWER THAN 2,500 INHABITANTS
TYPE STYLES
WASHINGTON
COUNTY
WASHINGTON
MINOR CIVIL DIVISION
Washington
INCORPORATED PLACE WITH 50,000 OR MORE INHABITANTS
Washington
INCORPORATED PLACE WITH FEWER THAN 50,000 INHABITANTS
UNINCORPORATED PLACE

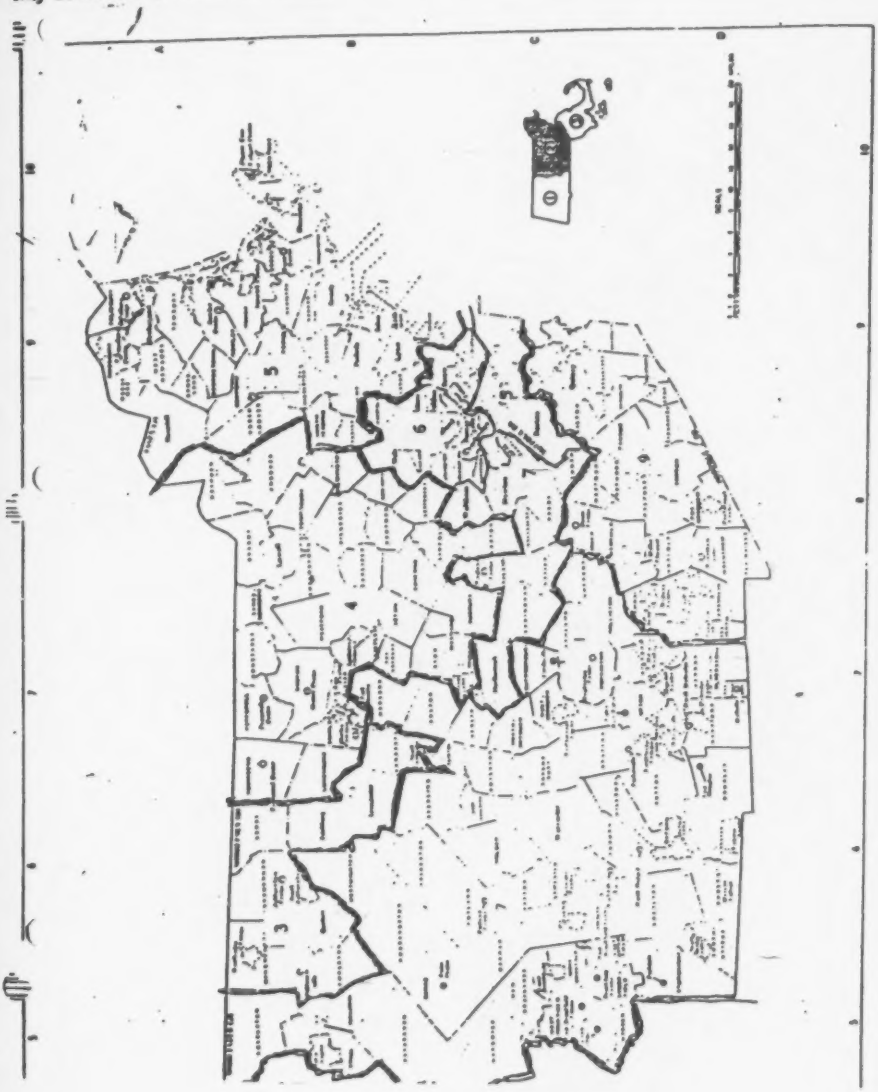
41-16

HAMPSHIRE

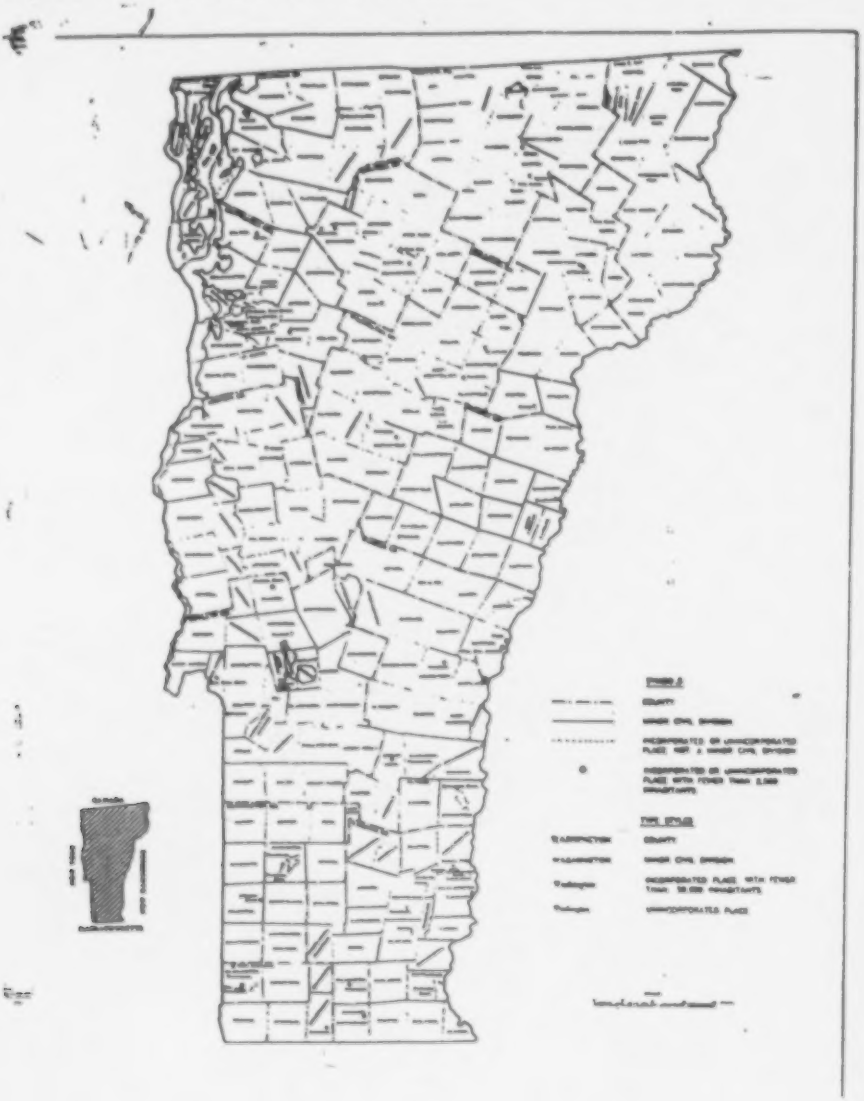
ity Subdivisions/Towns, Grants, Townships, Purchases, Locations, and Places



unty Subdivisions-Towns and Places

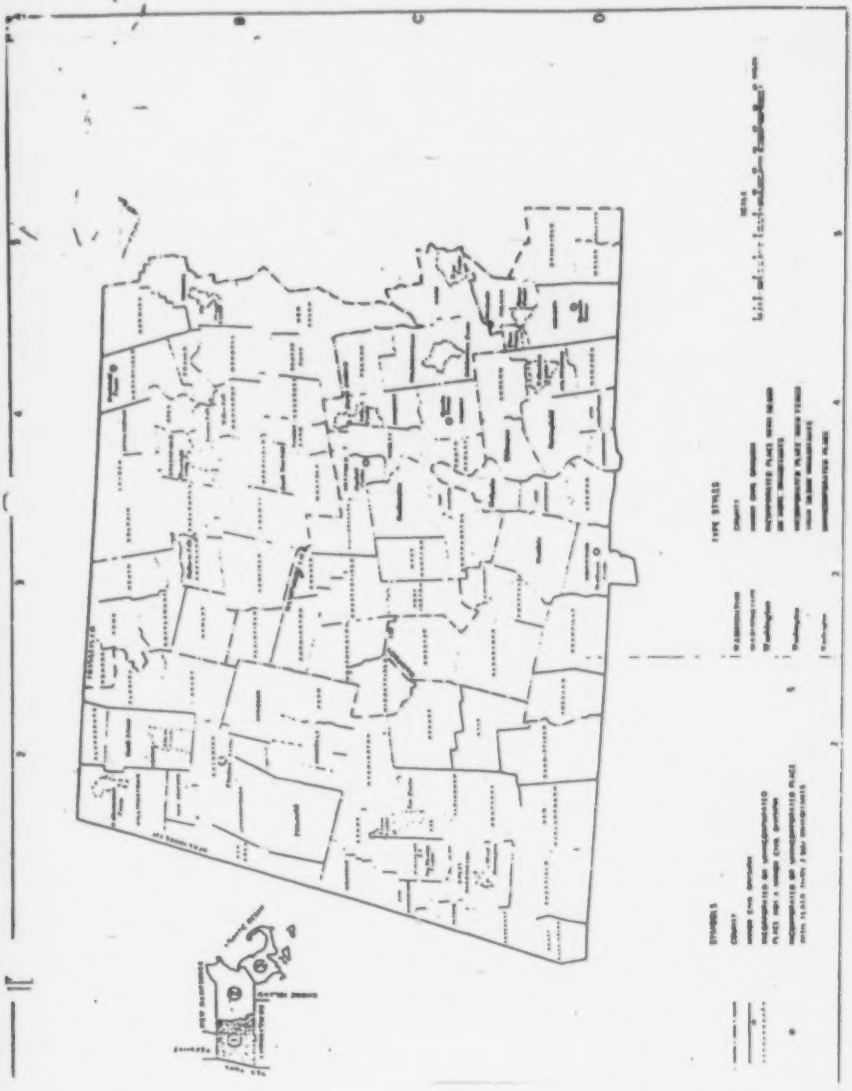


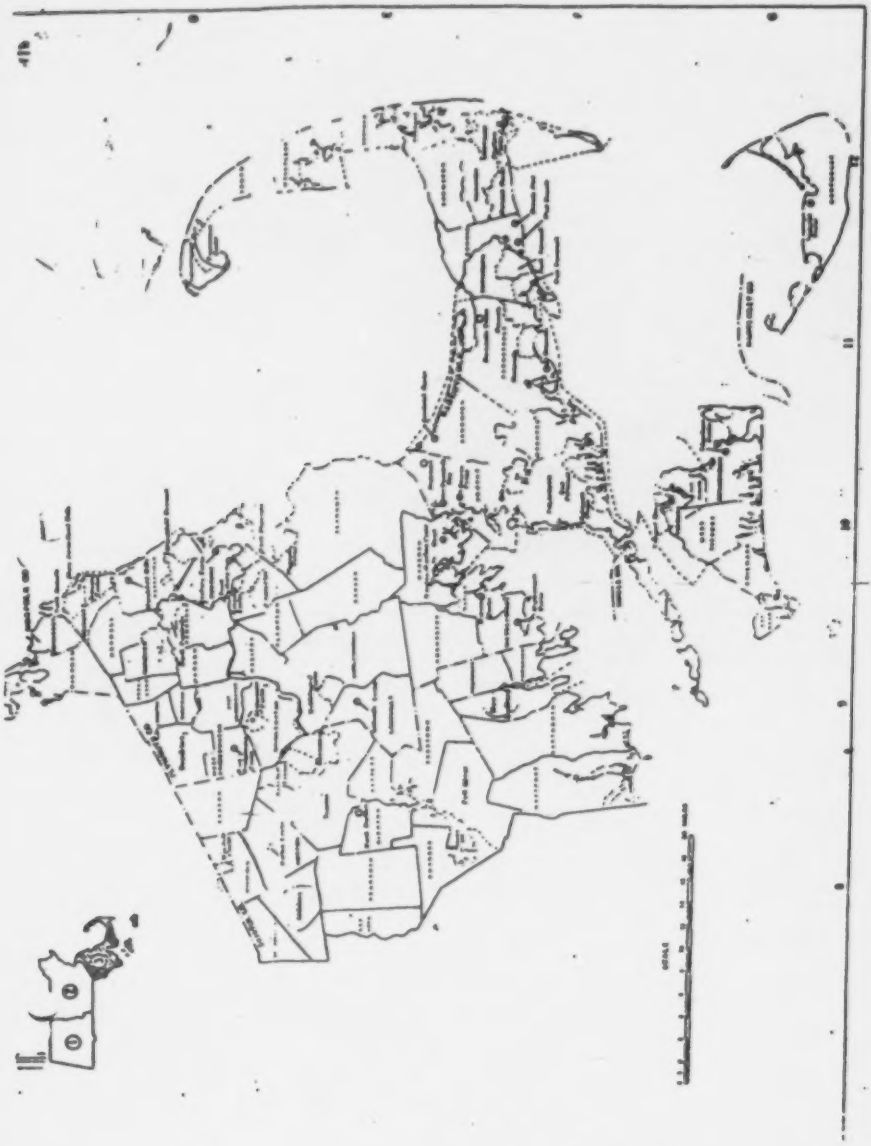
unty Subdivisions—Towns, Gores, Townships, and Places



nty Subdivisions-Towns and Places

TERRITORY 8





DISTRICT EXPORT COUNCIL PLAN

FY 1985

PRIORITY ACTIVITIES

Establishment of a referral counseling service among members of the District Export Council for prospective exporters as a means to provide, from a peer group, guidance and assistance in the resolution of questions/problems related to products, country market or marketing issues that hinder the firm's decision to enter the export market. Generally such referrals should be made following professional counseling service wherein the Trade Specialist determines that peer discussion would be helpful. The selection of a Council member to whom the referral is made should be compatible with the interests of the prospective exporters and the Council member should be briefed on the firm.

Co-sponsorship of workshops, seminars and conferences with state development agencies, Associate Offices, universities and other suitable multipliers and, where appropriate, interagency seminars for Eximbank, OPIC, small and minority exporters.

Consult with the District Office in the development of those sectors of the Annual Working Plan related to export awareness.

Provide active membership participation in the District Office seminar program.

Develop cooperative participation of Council members in the international activities and programs of such multiplier organizations as Chambers of Commerce, trade associations, state economic development agencies, and world trade clubs in order to expand available resources to promote export awareness.

The Council will respond to specific requests for information and views on issues under study by the President's Export Council.

Establish within the Council organization a Legislative Committee to formulate the collective view of the Council members on state and national legislative issues related to international trade and to provide a suitable means of expression to appropriate government officials.

SECONDARY ACTIVITIES

Assume the sponsorship or co-sponsorship of World Trade Week programs and related activities in each of the 5 New England states.

Establish within the Council structure a Trade Development Committee to 1) stimulate and encourage participation in overseas commercial exhibitions and to 2) organize and sponsor (or co-sponsor) trade missions on behalf of state industry.

Establish within the Council structure on Education Committee to foster and promote a relationship with colleges and universities for the purpose of 1) developing or expanding the international marketing curriculum, and/or 2) to institute a "TEAM" program and/or 3) regularly schedule export trade seminar program with University Adult Continuing Educational Divisions and otherwise, to utilize the resources of colleges and unversities to promote expansion programs.

Schedule and organize semi-annual plenary meetings of the Council.

Establish a channel of communication with the state's congressional delegation in order to convey the position of industry on legislature and other matters related to the development and expansion of export trade within the state.

Peer Group Program

VIP Program - Council should be encouraged to assist foreign buyers at officially supported trade events in the U.S. Assistance can take the form of working at Commerce staffed activity, providing desired assistance to foreign buyer, etc.

Establish working committees in order to create discussion through public forums of topical trade issues, such as East-West Trade, Trade with the People's Republic of China, Export Financing Programs of the U.S. Government, Trade Protectionism, Barter Trade, and other topics as may become appropriate so as to create greater awareness and understanding of the dynamics of international trade.

The Council will publish a membership roster which will include each member'a line of business with 4-digit SIC Code, worldwide marketing areas and telex and telephonw numbers.

OTHER ACTIVITIES

Participate in public service programs on radio and television mostly of a panel variety, to discuss the role of exporting in the U. S. economic system.

Prepare spot announcements on export expansion topics for use as public service announcements on radio.

Organize speaking bureaus to enable Council members to speak to business groups and civic organizations on export expansion.

Establish an award program, such as "Exporter of the Year" or an essay contest on trade issues for students.

Conduct surveys, or by other means, determine factors that inhibit U. S. firms from entering the export market.

Encourage small and medium size firms to identify and to report trade problems and other artificial barriers that hinder development and expansion of export markets.

Express Council views on issues confronting the President's Export Council.

Development of issue papers on international trade problems or other related topical matters such as Tax Policy, Foreign Sales Corporation, GATT/MLTD, Tariff and non-tariff Trade Barriers for publication and/ or distribution.

BOSTON DISTRICT EXPORT COUNCIL

CHAIRMAN

Oliver O. Ward, President
Germanium Power Devices Corp.
York Street
Andover, MA 01810
617-475-5982
Telex: 94-7150
Germanium Power Transistors
SIC: 3674
Marketing Area: Worldwide

VICE CHAIRMAN

Garwood I. Platt
Vice President
First National Bank of Boston
External Affairs, International
100 Federal Street
Boston, MA 02110
617-434-2732

EXECUTIVE SECRETARY

Frank J. O'Connor, Director
U. S. Department of Commerce, ITA
World Trade Center Boston, Suite 307
Boston, MA 02210
617-223-2312

COUNCIL MEMBERS

I. Joel Abromson, President
Intertrade Corporation
Citicorp Park West, Suite 303
100 Foden Road
South Portland, ME 04106
207-773-3990
Telex: 294139 COMMAUR

Zane Akins, Exec. Vice Pres.
Holstein-Friesian Assoc. of America
One South Main Street
Brattleboro, VT 05301
802-254-4551
TWX: 710 363 1871
Dairy Breeder of Holsteins
SIC: 0751
Marketing Area: Worldwide

John R. Beaver, President
Rudolph Beaver, Inc.
Waverly Oaks Road
P. O. Box 589
Waltham, MA 02154
617-894-5230
Telex: 92-3321
Surgical Blades and Handles
SIC 3841
Marketing Area: Worldwide

C. Harry Behney, Exec. Dir.
Greater Burlington Industrial Corporation, Inc.
7 Burlington Square, P. O. Box 786
802-862-5726
Industrial Development Corporation
SIC: 9611
Marketing Area: Worldwide

P. Kingston Berlew, President
Berlew Business Development Int'l.
RFD 1, Box 61
Bass Cove
York, ME 03909
207-363-2451
Telex: 94-0890
Private Consultant
Marketing Area: Worldwide

Archer L. Bolton, Jr.
Chairman of the Board
Bolton-Emerson, Inc.
Nine Osgood Street
Lawrence, MA 01842
617-686-3961
Telex: 94-7432
Stock Preparation Equip., Coating & Laminating Systems, Plastic Industry Size, Reduction Equip. & Machine Knives
SIC: 3554, 3559, 3423
Marketing Area: Worldwide

Louis J. Camarra
Camex International, Inc.
P. O. Box 1210
Worcester, MA 01613
617-835-6472
Consultant
SIC: 7392
Marketing Area: Worldwide

Prescott C. Crafts, Jr.
Director, International Programs
Babson College
Babson Park
Wellesley, MA 02157-0901

William D. Cuthbertson, Jr.
Executive Vice President
Arbeka Webbing Company
1135 Roosevelt Avenue
Pawtucket, RI 02862
401-724-5600
Cable: ARBEKA
Narrow Fabrics, Elastic Bandage and Cotton Webbing, Orthopedic Stockinet
SIC: 3842
Marketing Area: Worldwide

David W. Davis, Exec. Director
Massport
10 Park Plaza
Boston, MA 02116
617-973-5611
Telex: 940365
State Association
SIC: 9611
Marketing Area: Worldwide

James S. Davis, President
New Balance Athletic Shoe, Inc.
38-42 Everett Street
Allston, MA 02134
617-783-4000
TWX: 200 129 NBASUR 200 266 NBIUR
Athletic Shoes and other Running Equipment
SIC: 3149
Marketing Area: Worldwide

John F. Deegan, President
Dexin, Inc.
P. O. Box 3285
Nashua, NH 03061
603-883-3209
Telex: 92-3435
Children's Toys, Games and Hobby Kits
SIC: 3944
Marketing Area: Worldwide

John M. Dempsey, Jr.
Chairman
Baird Corporation
125 Middlesex Turnpike
Bedford, MA 01730
617-276-6112
Telex: 92-3491
Instruments for Spectrochemical Analysis Nuclear Equipment for Medical Diagnostics & Laboratory use, Periscopes & Photographic Printers & Conducts Research & Development Projects for U. S. Government
SIC: 3832
Marketing Area: Worldwide

Willard R. Gallagher
Vice President
Textron, Inc.
40 Westminster Street
Providence, RI 02903
401-421-2800
Telex: 92-7723
Helicopters, Gorham Silver, Sheaffer Pens, Homelite Chain Saws, Bostitch Stapling Machines, Metal Working Machines
SIC: 3721, 3951, 3546, 3579, 3545
Marketing Area: Worldwide

Aloysius J. Kearns, President
A. J. Kearns Company, Inc.
458 Madison Street
Fall River, MA 02720
617-674-5775
Advertising/Public Relations
SIC: 7319, 7392
Marketing Area: New England

Charles G. Koella,
Vice President Sales
Bryant Grinder Corporation
Subsidiary of Ex-Cell-O-Corp
Springfield, VT 05156
802-885-5161
Telex: 943427
Center-hole Grinders, Motorized & Belt Drive Wheelheads & High-Speed Spindle Systems
SIC: 3541
Marketing Area: Worldwide

J. John Lawler, Vice President
International Operations
A. T. Cross Company
One Albion Road
Lincoln, RI 02865
401-333-1200
Telex: 92-7510
Writing Instruments & Desk Sets
SIC: 3951
Marketing Area: Worldwide

Richard T. McDermott, Pres.
A. W. Chesterton Company
Middlesex Industrial Park
Route 93
Stoneham, MA 02180
617-438-7000
Telex: 94-9396
Mechanical Seals, Packings, Gaskets Full Line of Chemical Maintenance Products for Industrial & Marine Use
SIC: 2992, 3293
Marketing Area: Worldwide

James J. Keating
Managing Dir., International
Ocean Spray Cranberry, Inc.
225 Water Street
Plymouth, MA 02360
617-747-1000
Fruit Juices
SIC: 2032, 2033
Marketing Area: Worldwide

Roger P. Michaud, President
American Stabilis, Inc.
Lexington Street, P. O. Box 1289
Lewiston, ME 04240
207-784-9389
Telex: 95-0039
Hot Water Tin Tube Radiation Fans,
Coils, Air Conditioners & Enertrol-
Series of Energy Controls
SIC: 3634
Marketing Area: Europe & Canada

Seymor Missry, Int'l Director
P. & B. Manufacturing Company
185 Jefferson Boulevard
Warwick, RI 02888
401-739-8280
Telex: 92-9409
Costume Jewelry
SIC: 3961
Marketing Area: Worldwide

John W. Moriarty, Dir. Industry Relations
Cullinet Software, Inc.
400 Blue Hill Drive
Westwood, MA 02090
617-329-7947
Software
SIC: 7372
Marketing Area: Worldwide

Burton S. Payne, President
Barnstead Company
225 Rivermoor Street
Boston, MA 02132
617-327-1600
Telex: 94-0616
Water Destilling & Water
Demineralizing Equipment
SIC: 3589
Marketing Area: Worldwide

Kevin J. Plunkett
Assistant Vice President
Old Stone Bank
International Department
150 South Main Street
Providence, RI 02901
401-278-2250
Telex: 92-9400
International Banking
SIC: 6022
Marketing Area: Worldwide

John C. Rennie, President
& Chairman of the Board
Pacer Systems, Inc.
900 Technology Park Drive
Billerica, MA 01821
TWX: 71-0332-6400
Flight Simulators & Low Range
Air Speed Systems
SIC: 3811
Marketing Area: Worldwide

Eugene V. Roundtree, President
All-Stainless, Inc.
75 Research Road
Hingham, MA 02043
617-749-7100
TWX: 71-0348-6494
Stainless Steel Fasteners, Pipes,
Screws, Nuts, Rivets, Bolts, Valves
& Flanges
SIC: 3494, 3317, 3452
Marketing Area: Ireland & Puerto Rico

David A. Sharkey
Director, Marketin - Asea
International Group
Honeywell Information Systems, Inc.
200 Smith Street
Waltham, MA 02154
617-895-6368
Telex: 92-3449
Computing Equipment, Electronic
Computers
SIC: 3573
Marketing Area: Worldwide

J. Douglas Johnson, President
The G. S. Blodgett Company, Inc.
50 Lakeside Avenue
Burlington, VT 05402
802-658-6600
Food Products Machinery
SIC: 3551
Marketing Area: Worldwide

Lewis A. Shattuck
Executive Director
Smaller Business Association
of New England, Inc.
69 Hickory Drive
Waltham, MA 02154
617-890-9070
No Telex
Non-Profit Trade Organization
SIC: 8611
Marketing Area: Worldwide

Peter J. Sheridan
Sheridan Enterprises
10 Lanark Road
Wellesley Hills, MA 02181
617-235-6422
No Telex
Marketing Area: U. S. Market
Andrea G. Van Leesten, Esquire
11 Belair Avenue
Providence, RI 02906
401-331-8515
No Telex
Export Management and Trading
Company, Law Firm
SIC: 8111
Marketing Area: Worldwide

NEWLY NOMINATED TO THE BOSTON DISTRICT EXPORT COUNCIL

F. William Alley
President
REC Corporation
Route 100 South
Stowe, Vt. 05672
802-253-73456
Telex: 955631
Fishing Rods &
Ski Poles
SIC: 3949
Marketing Area: Worldwide

Alfred G. D'Alessandro
President
Aid-Pack, Inc.
Route 128
Blackburn Industrial Park
Gloucester, MA 01930
617-283-1800
No telex
Disposable Medical Supplies
SIC: 2834
Marketing Area: U.S. & Caribbean

Cheryl A. Leonhardt
Executive Director
International Business Center
of New England, Inc.
World Trade Center
Boston, MA 02210
617-439-5280
No telex
Counseling International Business
SIC: 7392
Marketing Area: Worldwide

Arnold B. Rosenthal
Regional Int'l. Trade Officer
Small Business Administration
60 Batterymarch Street
Boston, MA 02110
617-223-7661
Government Agency

MEMORANDUM OF UNDERSTANDING

BETWEEN

BOSTON DISTRICT OFFICE
U. S. & FOREIGN COMMERCIAL SERVICE

AND

INTERNATIONAL TRADE DIVISION

STATE DEVELOPMENT OFFICE

STATE OF MAINE

ON COOPERATION IN SUPPORT OF
INTERNATIONAL TRADE

AGREEMENT

The Boston District Office of the U. S. & Foreign Commmercial Service and the International Division for the State of Maine agree to enter into a cooperative relationship designed to assist Maine business firms to enter into and develop export markets and to coordinate the delivery of export promotion and other export-related services to such firms. Each organization will work together in a cooperative spirit at all levels to contribute to this effort according to the resources and talents each possesses.

Statement of Purpose

It is the purpose of this agreement to define and allocate the responsibilities and outreach efforts of the principal parties regarding reverse investment activities along lines which match each organization's expertise, experience. The principal intention of this agreement will be to: 1) avoid duplication of effort between the two agencies in the delivery of export assistance to the business community; 2) maximize the delivery of these services to firms in the most cost effective manner possible.

Introduction

The goal of the Boston District Office of the U. S. & Foreign Commercial Service is to foster, promote and facilitate the exports from the State of Maine. The Boston District Office advances this purpose by working with State Government agencies and other multipliers to create a climate in which international trade and investment can develop.

The International Trade Division is a part of the Maine State Development Office and is charged in creating an awareness overseas of Maine and the products and services the state has to export.

The purpose of this agreement is to provide for an increase in such cooperation between the two agencies to improve the delivery of services while avoiding duplication of effort.

The initiatives shown below outline means for efficient cooperation between the International Trade Division for the State of Maine and the Boston District Office of the U. S. & Foreign Commercial Service, as well as the responsibilities of each organization under this agreement.

U. S. & F. C. S. INITIATIVES

1. Assign Stephen M. Nyulaszi, Trade Specialist, as liaison with the Maine State Development Office. Such assignment is to coordinate the efforts of the two agencies in areas of mutual concern.

2. Meet with the Maine State Development Office at least monthly to discuss new programs, publications, and services of the U. S. Department of Commerce and to review existing programs, publications and services with the goal of eliminating duplication of effort and to develop joint efforts to determine propects with high potential for new-to-export and new-to-market counseling.

3. The U. S. & F. C. S. will initiate training and orientation programs for personnel in each agency to assure that each agency's trade specialist is "cross-trained" in the services provided in order to provide adequate referrals when counseling client firms. Training will be made available on a recurrent basis and for any newly hired OED professionals. The representative will use and become familiar with Compuserve in the District Office.

4. Each agency will mutually provide the other with current literature and other program information, including training materials such as films, slides and manuals on a regular and ongoing basis.

5. Each agency will promote the participation of Maine business firms in international trade shows and trade missions. U. S. & F. C. S. will recommend to OED export promotion events such as trade shows, fairs, missions and other conferences in which the state might wish to participate directly. Where the State elects to contract for space directly, the U. S. & F. C. S. will assist in recruiting Maine firms in support of this participation.

6. Refer appropriate firms and individuals to OED for participation in PEP sessions, general counseling, or participation in State supported overseas events.

7. Provide OED with advance schedules of Commerce export promotion events and any other activity that may be suitable for the State's participation.

8. Support OED trade mission program by providing a communication link with the foreign post and facilitate arrangements in support of these activities.

9. Notify OED of information on foreign buyers and other foreign visitors that are announced through District Office telex network.

10. Plan joint field visits with State Development Office representatives.

11. Support State Development Office legislation consistent with U. S. & F. C. S. policy through support materials, expert witness and promotional efforts.

12. Develop a joint plan for sale and distribution of U. S. & F. C. S. produced information services. Such plan shall cover the method by which the State can re-sell U. S. & F. C. S. services. The District Office is to provide the State with materials as needed.

13. Exchange information for newsletters and use District Office newsletters to feature State Development Office programs.

14. Provide international reference aids and other materials for the State Development Office library.

15. Provide copies of news releases, speeches, and other appropriate materials on U. S. international trade policy to the State Development Office.

16. Develop a plan to assist the State Development Office in the recruitment of companies for EDO promoted commercial exhibits, trade missions, etc..

17. Other activities as suitable to individual District Offices.

ACTIONS BY THE MAINE STATE DEVELOPMENT OFFICE

OED - International Division Initiatives

1. Provide basic export promotion information and other assistance to prospective and current exporters through its resources to complement such assistance being given by the U. S. & F. C. S. District Office.

2. Refer to U. S. & F. C. S. such firms and individuals seeking or in need of in-depth specific marketing and country information, technical advice or assistance on export-related regulatory areas such as U. S. export control matters and other counseling available through ITA.

3. Assist in identification of exporters or potential exporters for participation in appropriate ITA foreign buyer events and overseas trade promotion fairs, missions and catalogue shows.

4. Meet with the Boston District Office Director of the U. S. & F. C. S. at least monthly for the purpose of mutual briefing of current business conditions, promotions, programs, etc., of the two agencies; and to investigate ways and means of dissemination to the business sector and the public in general the programs of the State and the Department of Commerce to enhance the overall economic growth of the State of Maine.

5. Work closely, on a continuting basis, with the Boston Distirct Office in the promotion and sponsoring of business seminars and conferences throughout the year.

6. Be responsive to the Boston District Office for any requests for assistance with regard to State economic statistics and other information as requested.

7. The State Development Office will be represented on the District Export Council to assist in fostering the efforts of export expansion.

8. Exchange trade leads and business development leads with the Boston District Office.

9. Assist the Boston District Office with various seminars, conferences, etc., that are conducted.

10. Advise the District Office Director of plans for any State trade mission to facilitate Washington and overseas support. Consideration should be given for all missions to be IOGA status.

11. Exchange information for newsletters and use newsletters to feature Department of Commerce programs.

12. Assist the Boston District Office with the planning and implementation of World Trade Week activities.

13. Cooperate with the Boston District Office on the creation of a State calendar of export-related events.

14. Other assistance as needed.

Nathaniel H. Bowditch, Director
Maine State Development Office

Date

Frank J. O'Connor, District Office Director
U. S. Department of Commerce,
International Trade Administration

Date

MEMORANDUM OF UNDERSTANDING

BETWEEN

BOSTON DISTRICT OFFICE
U. S. & FOREIGN COMMERCIAL SERVICE

AND

INTERNATIONAL TRADE DIVISION

DEPARTMENT OF RESOURCES AND ECONOMIC DEVELOPMENT

STATE OF NEW HAMPSHIRE

ON COOPERATION IN SUPPORT OF
INTERNATIONAL TRADE

AGREEMENT

The Boston District Office of the U. S. & Foreign Commercial Service and the International Division for the State of New Hampshire agree to enter into a cooperative relationship designed to assist New Hampshire business firms to enter into and develop export markets and to coordinate the delivery of export promotion and other export-related services to such firms. Each organization will work together in a cooperative spirit at all levels to contribute to this effort according to the resources and talents each possesses.

Statement of Purpose

It is the purpose of this agreement to define and allocate the responsibilities and outreach efforts of the principal parties regarding reverse investment activities along lines which match each organization's expertise, experience. The principal intention of this agreement will be to: 1) avoid duplication of effort between the two agencies in the delivery of export assistance to the business community; 2) maximize the delivery of these services to firms in the most cost effective manner possible.

Introduction

The goal of the Boston District Office of the U. S. & Foreign Commercial Service is to foster, promote and facilitate the exports from the State of New Hampshire. The Boston District Office advances this purpose by working with State Government agencies and other multipliers to create a climate in which international trade and investment can develop.

The International Trade Division is a part of the New Hampshire Department of Resources and Economic Development and is charged in creating an awareness overseas of New Hampshire and the products and services the state has to export.

The purpose of this agreement is to provide for an increase in such cooperation between the two agencies to improve the delivery of services while avoiding duplication of effort.

The initiatives shown below outline means for efficient cooperation between the International Trade Division for the State of New Hampshire and the Boston District Office of the U. S. & Foreign Commercial Service, as well as the responsibilities of each organization under this agreement.

U. S. & F. C. S. INITIATIVES

1. Assign E. Roy Williams, Trade Specialist, as liaison with the New Hampshire Department of Resources and Economic Development. Such assignment is to coordinate the efforts of the two agencies in areas of mutual concern.

2. Meet with the New Hampshire Department of Resources and Economic Development at least monthly to discuss new programs, publications, and services of the U. S. Department of Commerce and to review existing programs, publications and services with the goal of eliminating duplication of effort and to develop joint efforts to determine propects with high potential for new-to-export and new-to-market counseling.

3. The U. S. & F. C. S. will initiate training and orientation programs for personnel in each agency to assure that each agency's trade specialist is "cross-trained" in the services provided in order to provide adequate referrals when counseling client firms. Training will be made available on a recurrent basis and for any newly hired OED professionals. The representative will use and become familiar with Compuserve in the District Office.

4. Each agency will mutually provide the other with current literature and other program information, including training materials such as films, slides and manuals on a regular and ongoing basis.

5. Each agency will promote the participation of New Hampshire business firms in international trade shows and trade missions. U. S. & F. C. S. will recommend to OED export promotion events such as trade shows, fairs, missions and other conferences in which the state might wish to participate directly. Where the State elects to contract for space directly, the U. S. & F. C. S. will assist in recruiting New Hampshire firms in support of this participation.

6. Refer appropriate firms and individuals to OED for participation in PEP sessions, general counseling, or participation in State supported overseas events.

7. Provide OED with advance schedules of Commerce export promotion events and any other activity that may be suitable for the State's participation.

8. Support OED trade mission program by providing a communication link with the foreign post and facilitate arrangements in support of these activities.

9. Notify OED of information on foreign buyers and other foreign visitors that are announced through District Office telex network.

10. Plan joint field visits with Department of Resources and Economic Development representatives.

11. Support Department of Resources and Economic Development legislation consistent with U. S. & F. C. S. policy through support materials, expert witness and promotional efforts.

12. Develop a joint plan for sale and distribution of U. S. & F. C. S. produced information services. Such plan shall cover the method by which the State can re-sell U. S. & F. C. S. services. The District Office is to provide the State with materials as needed.

13. Exchange information for newsletters and use District Office newsletters to feature Department of Resources and Economic Development programs.

14. Provide international reference aids and other materials for the Department of Resources and Economic Development library.

15. Provide copies of news releases, speeches, and other appropriate materials on U. S. international trade policy to the Department of Resources and Economic Development.

16. Develop a plan to assist the Department of Resources and Economic Development in the recruitment of companies for EDO promoted commercial exhibits, trade missions, etc..

17. Other activities as suitable to individual District Offices.

ACTIONS BY THE NEW HAMPSHIRE DEPARTMENT OF RESOURCES AND ECONOMIC DEVELOPMENT

OED - International Division Initiatives

1. Provide basic export promotion information and other assistance to prospective and current exporters through its resources to complement such assistance being given by the U. S. & F. C. S. District Office.

2. Refer to U. S. & F. C. S. such firms and individuals seeking or in need of in-depth specific marketing and country information, technical advice or assistance on export-related regulatory areas such as U. S. export control matters and other counseling available through ITA.

3. Assist in identification of exporters or potential exporters for participation in appropriate ITA foreign buyer events and overseas trade promotion fairs, missions and catalogue shows.

4. Meet with the Boston District Office Director of the U. S. & F. C. S. at least monthly for the purpose of mutual briefing of current business conditions, promotions, programs, etc., of the two agencies; and to investigate ways and means of dissemination to the business sector and the public in general the programs of the State and the Department of Commerce to enhance the overall economic growth of the State of New Hampshire.

5. Work closely, on a continuting basis, with the Boston Distirct Office in the promotion and sponsoring of business seminars and conferences throughout the year.

6. Be responsive to the Boston District Office for any requests for assistance with regard to State economic statistics and other information as requested.

7. The Department of Resources and Economic Development will be represented on the District Export Council to assist in fostering the efforts of export expansion.

8. Exchange trade leads and business development leads with the Boston District Office.

9. Assist the Boston District Office with various seminars, conferences, etc., that are conducted.

10. Advise the District Office Director of plans for any State trade mission to facilitate Washington and overseas support. Consideration should be given for all missions to be IOGA status.

11. Exchange information for newsletters and use newsletters to feature Department of Commerce programs.

12. Assist the Boston District Office with the planning and implementation of World Trade Week activities.

13. Cooperate with the Boston District Office on the creation of a State calendar of export-related events.

14. Other assistance as needed.

John T. Flanders, Commissioner
New Hampshire Department of Resources
and Economic Development

Date

Frank J. O'Connor, District Office Director
U. S. Deparment of Commerce,
International Trade Administration

Date

MEMORANDUM OF UNDERSTANDING

BETWEEN

BOSTON DISTRICT OFFICE
U. S. & FOREIGN COMMERCIAL SERVICE

AND

AGENCY OF DEVELOPMENT AND COMMUNITY AFFAIRS

THE STATE OF VERMONT

ON COOPERATION IN SUPPORT OF
INTERNATIONAL TRADE

AGREEMENT

The Boston District Office of the U. S. & Foreign Commercial Service and the Agency of Development & Community Affairs for the State of Vermont agree to enter into a cooperative relationship designed to assist Vermont business firms to enter into and develop export markets and to coordinate the delivery of export promotion and other export-related services to such firms. Each organization will work together in a cooperative spirit at all levels to contribute to this effort according to the resources and talents each possesses.

Statement of Purpose

It is the purpose of this agreement to define and allocate the responsibilities and outreach efforts of the principal parties regarding export and reverse investment activities along lines which match each organization's expertise, experience. The principal intention of this agreement will be to: 1) avoid duplication of effort between the two agencies in the delivery of export assistance to the business community; 2) maximize the delivery of these services to firms in the most cost effective manner possible; and 3) to provide expertise in trade and reverse investment issues that would not otherwise be available to Vermont businesses.

Introduction

The goal of the Boston District Office of the U. S. & Foreign Commercial Service in the present undertaking is to foster, promote and facilitate exports from the businesses in the State of Vermont. The Boston District Office advances this purpose by working with State Government agencies and other multipliers to create a climate in which international trade and investment can develop.

The Economic Development Division is part of the Vermont Agency of Development and Community Affairs. The Division is charged to create an awareness of Vermont and its products and services available for export nationally and internationally. The Division also seeks to stimulate appropriate reverse investment in Vermont by foreign firms.

The purpose of this agreement is to enhance cooperation between the two agencies to improve the delivery of services while avoiding duplication of effort, and to advance the mutual interests of the parties.

The initiatives described below outline means for efficient cooperation between the International Trade Programs of Economic Development Division for the State of Vermont and the Boston District Office of the U. S. & Foreign Commercial Service as well as the responsibilities of each organization under this agreement.

UNITED STATES & FOREIGN COMMERCIAL SERVICE INITIATIVES

1. Assign a Trade Specialist, as liaison with the Vermont Agency of Development and Community Affairs to coordinate the efforts of the two agencies in areas of mutual concern.

2. Meet with the Vermont Agency of Development and Community Affairs, Department of Economic Development at least monthly to discuss new programs, publications, and services of the U. S. Department of Commerce, to review existing programs, publications and services with the goal of eliminating duplication of effort, and to develop joint efforts to determine propects with high potential for new-to-export and new-to-market counseling.

3. The U. S. & F. C. S. will initiate training and orientation programs for personnel in each agency to assure that each agency's trade specialist is cross-trained in the services available in order to provide adequate referrals when counseling client firms. In-service training will regularly occur and orientation will be provided for newly hired ED Division professionals. The representative will use and become familiar with the Compuserve system in the District Office.

4. Each agency will provide the other with current literature and othe program information, including training materials such as films, slides and manuals on a regular basis.

5. Each agency will promote the participation of Vermont business firms in international trade shows and trade missions. U. S. & F. C. S. will recommend to ED Division export promotion events such as trade shows, fairs, missions and other conferences in which the state might wish to participate. Where the State elects to contract for space directly, the U. S. & F. C. S. will assist in recruiting Vermont firms to support this initiative.

6. U. S. & F. C. S. will refer appropriate firms and individuals to ED Division for participation in P&P sessions, general counseling, or participation in State supported overseas events.

7. U. S. & F. C. S. will provide ED Division with advance schedules of Commerce export promotion events and any other activity that may be suitable for the State's participation.

8. U. S. & F. C. S. will support ED Division trade mission program by providing a communication link with the foreign post and facilitate arrangements in support of these activities.

9. U. S. & F. C. S. will provide ED Division of information on foreign buyers and other foreign visitors that are announced through District Office telex network.

10. U. S. & F. C. S. will plan joint field visits with Agency of Development and Community Affairs representatives.

11. U. S. & F. C. S. will support Agency of Development and Community Affairs legislation consistent with U. S. & F. C. S. policy through support materials, expert witness and promotional efforts.

12. Both agencies will develop a joint plan for sale and distribution of U. S. & F. C. S. produced information services. Such plan shall cover the method by which the State can re-sell U. S. & F. C. S. services. The District Office shall provide the State with materials as needed.

13. Both parties shall exchange information for newsletters, District Office newsletters shall feature Agency of Development and Community Affairs programs.

14. U. S. & F. C. S. shall provide international reference aids and other materials for the Agency of Development and Community Affairs library.

15. U. S. & F. C. S. shall provide copies of news releases, speeches, and other appropriate materials on U. S. international trade policy to the Agency of Development and Community Affairs.

16. U. S. & F. C. S. shall develop a plan to assist the Agency of Development and Community Affairs in the recruitment of companies for ED Division promoted commercial exhibits, trade missions.

17. U. S. & F. C. S. shall provide data pertinent to state export programs and initiatives, including data pertaining to economic sectors engaged in export trade on a state, regional and national basis, to the extent available.

18. Other activities as suitable and agreed upon by the parties.

ACTIONS BY THE VERMONT AGENCY OF DEVELOPMENT AND COMMUNITY AFFAIRS

OED - International Division Initiatives

For its part, the ED Division shall:

1. Provide basic export promotion information and other assistance to prospective and current exporters through its resources to complement such assistance being given by the U. S. & F. C. S. District Office.

2. Refer to U. S. & F. C. S. such firms and individuals seeking or in need of in-depth specific marketing and country information, technical advice or assistance on export-related regulatory areas such as U. S. export control matters and other counseling available through ITA.

3. Assist in identification of exporters or potential exporters for participation in appropriate ITA foreign buyer events and overseas trade promotion fairs, missions and catalogue shows.

4. Meet with the Boston District Office Director of the U. S. & F. C. S. at least monthly for the purpose of mutual briefing of current business conditions, promotions, programs, etc., of the two agencies; and to investigate ways and means of dissemination to the business sector and the public in general the programs of the State and the Department of Commerce to enhance the overall economic growth of the State of Vermont.

5. Work closely, on a continuting basis, with the Boston District Office in the promotion and sponsoring of business seminars and conferences throughout the year.

6. Be responsive to the Boston District Office requests for assistance with regard to State economic statistics or other information.

7. Be represented on the District Export Council to assist in fostering the efforts of export expansion.

8. Exchange trade leads and business development leads with the Boston District Office.

9. Assist the Boston District Office in conducting such seminars, conferences, as are appropriate.

10. Advise the District Office Director of plans for any State trade mission to facilitate Washington and overseas support. Consideration should be given for all missions to be IOGA status, although this status will be at the State's election.

11. Exchange information for newsletters and use newsletters to feature Department of Commerce programs.

12. Assist the Boston District Office with the planning and implementation of World Trade Week activities.

13. Cooperate with the Boston District Office on the creation of a State calendar of export-related events.

14. Other assistance as needed.

Elbert G. Moulton, Secretary
State of Vermont Agency of
Development and Community Affairs

Date

Frank J. O'Connor, District Office Director
U. S. Department of Commerce, U.S. & F.C.S.
International Trade Administration

Date

MEMORANDUM OF UNDERSTANDING

BETWEEN

BOSTON DISTRICT OFFICE
U. S. & FOREIGN COMMERCIAL SERVICE

AND

OFFICE OF INTERNATIONAL TRADE AND INVESTMENT

THE COMMONWEALTH OF MASSACHUSETTS

ON COOPERATION IN SUPPORT OF
INTERNATIONAL TRADE

AGREEMENT

The Boston District Office of the U. S. & Foreign Commercial Service and the Office of International Trade and Investment (OITI) agree to enter into a cooperative relationship designed to assist Massachusetts business firms to enter into and develop export markets and to coordinate the delivery of export promotion and other export-related services to such firms. Each organization will work together in a cooperative spirit at all levels to contribute to this effort according to the resources and talents each possesses.

Statement of Purpose

It is the purpose of this agreement to define and allocate the responsibilities and outreach efforts of the principal parties regarding reverse investment activities along lines which match each organization's expertise/experience. The principal intention of this agreement will be to: 1) avoid duplication of effort between the two agencies in the delivery of export assistance to the business community; 2) maximize the delivery of these services to firms in the most cost effective manner possible.

Introduction

The goal of the Boston District Office of the U. S. & Foreign Commercial Service is to foster, promote and facilitate exports from the State of Massachusetts. The Boston District Office advances this purpose by working with State Government agencies and other multipliers to create a climate in which international trade and investment can develop.

The Office of International Trade and Investment is charged in creating an awareness overseas of Massachusetts and the products and services the state has to export.

The purpose of this agreement is to provide for an increase in such cooperation between the two agencies to improve the delivery of services while avoiding duplication of effort.

The initiatives shown below outline means for efficient cooperation between the Office of International Trade and Investment and the Boston District Office of the U. S. & Foreign Commercial Service, as well as the responsibilities of each organization under this agreement.

U. S. & F. C. S. INITIATIVES

1. Assign John P. Joyce, Trade Specialist, as liaison with the Office of International Trade and Investment. Such assignment is to coordinate the efforts of the two agencies in areas of mutual concern.

2. Meet with the Office of International Trade and Investment at least monthly to discuss new programs, publications, and services of the U. S. Department of Commerce and to review existing programs, publications and services with the goal of eliminating duplication of effort and to develop joint efforts to determine propects with high potential for new-to-export and new-to-market counseling.

3. The U. S. & F. C. S. will initiate training and orientation programs for personnel in each agency to assure that each agency's trade specialists are "cross-trained" in the services provided in order to provide adequate referrals when counseling client firms. Training will be made available on a recurrent basis and for any newly hired OITI professionals. The representative will use and become familiar with Compuserve in the District Office.

4. Each agency will mutually provide the other with current literature and other program information, including training materials such as films, slides and manuals on a regular and ongoing basis.

5. Each agency will promote the participation of Massachusetts business firms in international trade shows and trade missions. U. S. & F. C. S. will recommend to OITI export promotion events such as trade shows, fairs, missions and other conferences in which the state might wish to participate directly. Where the State elects to contract for space directly, the U. S. & F. C. S. will assist in recruiting Massachusetts firms in support of this participation.

6. Refer appropriate firms and individuals to OITI for participation in PEP sessions, general counseling, or participation in State supported overseas events.

7. Provide OITI with advance schedules of Commerce export promotion events and any other activity that may be suitable for the State's participation.

8. Support OITI trade mission program by providing a communication link with the foreign post and facilitate arrangements in support of these activities.

9. Notify OITI of information on foreign buyers and other foreign visitors that are announced through District Office telex network.

10. Plan joint field visits with Office of International Trade and Investment.

11. Support Office of International Trade and Investment legislation consistent with U. S. & F. C. S. policy through support materials, expert witness and promotional efforts.

12. Develop a joint plan for sale and distribution of U. S. & F. C. S. produced information services. Such plan shall cover the method by which the State can re-sell U. S. & F. C. S. services. The District Office is to provide the State with materials as needed.

13. Exchange information for newsletters and use District Office newsletters to feature Office of International Trade and Investment programs.

14. Provide international reference aids and other materials for the Office of International Trade and Investment library.

15. Provide copies of news releases, speeches, and other appropriate materials on U. S. international trade policy to the Office of International Trade and Investment.

16. Develop a plan to assist the Office of International Trade and Investment in the recruitment of companies for state promoted commercial exhibits, trade missions, etc..

17. Other activities as suitable to individual District Offices.

ACTIONS BY THE OFFICE OF INTERNATIONAL TRADE AND INVESTMENT

Office of International Trade and Investment Initiatives

1. Provide basic export promotion information and other assistance to prospective and current exporters through its resources to complement such assistance being given by the U. S. & F. C. S. District Office.

2. Refer to U. S. & F. C. S. such firms and individuals seeking or in need of in-depth specific marketing and country information, technical advice or assistance on export-related regulatory areas such as U. S. export control matters and other counseling available through ITA.

3. Assist in identification of exporters or potential exporters for participation in appropriate ITA foreign buyer events and overseas trade promotion fairs, missions and catalogue shows.

4. Meet with the Boston District Office Director of the U. S. & F. C. S. at least monthly for the purpose of mutual briefing of current business conditions, promotions, programs, etc., of the two agencies; and to investigate ways and means of dissemination to the business sector and the public in general the programs of the State and the Department of Commerce to enhance the overall economic growth of the State of Massachusetts.

5. Work closely, on a continuting basis, with the Boston Distirct Office in the promotion and sponsoring of business seminars and conferences throughout the year.

6. Be responsive to the Boston District Office for any requests for assistance with regard to State economic statistics and other information as requested.

7. The Office of International Trade and Investment will be represented on the District Export Council to assist in fostering the efforts of export expansion.

8. Exchange trade leads and business development leads with the Boston District Office.

9. Assist the Boston District Office with various seminars, conferences, etc., that are conducted.

10. Advise the District Office Director of plans for any State trade mission to facilitate Washington and overseas support. Consideration should be given for all missions to be IOGA status.

11. Exchange information for newsletters and use newsletters to feature Department of Commerce programs.

12. Assist the Boston District Office with the planning and implementation of World Trade Week activities.

13. Cooperate with the Boston District Office on the creation of a State calendar of export-related events.

14. Other assistance as needed.

Andrew C. Bagley, Executive Director
Office of International Trade and
Investment
The Commonwealth of Massachusetts

Date

Frank J. O'Connor, District Office Director
U. S. Department of Commerce,
International Trade Administration

Date

MEMORANDUM OF UNDERSTANDING

BETWEEN

BOSTON DISTRICT OFFICE
U. S. & FOREIGN COMMERCIAL SERVICE

AND

INTERNATIONAL TRADE DIVISION

DEPARTMENT OF ECONOMIC DEVELOPMENT

THE STATE OF RHODE ISLAND

ON COOPERATION IN SUPPORT OF
INTERNATIONAL TRADE

AGREEMENT

The Boston District Office of the U. S. & Foreign Commercial Service and the Rhode Island Department of Economic Development agree to enter into a cooperative relationship designed to assist Rhode Island business firms to enter into and develop export markets and to coordinate the delivery of export promotion and other export-related services to such firms. Each organization will work together in a cooperative spirit at all levels to contribute to this effort according to the resources and talents each possesses.

Statement of Purpose

It is the purpose of this agreement to define and allocate the responsibilities and outreach efforts of the principal parties regarding reverse investment activities along lines which match each organization's expertise, experience. The principal intention of this agreement will be to: 1) avoid duplication of effort between the two agencies in the delivery of export assistance to the business community; 2) maximize the delivery of these services to firms in the most cost effective manner possible.

Introduction

The goal of the Boston District Office of the U. S. & Foreign Commercial Service is to foster, promote and facilitate exports from the State of Rhode Island. The Boston District Office advances this purpose by working with State Government agencies and other multipliers to create a climate in which international trade and investment can develop.

The Rhode Island Department of Economic Development is charged in creating an awareness overseas of Rhode Island and the products and services the state has to export.

The purpose of this agreement is to provide for an increase in such cooperation between the two agencies to improve the delivery of services while avoiding duplication of effort.

The initiatives shown below outline means for efficient cooperation between the Rhode Island Department of Economic Development and the Boston District Office of the U. S. & Foreign Commercial Service, as well as the responsibilities of each organization under this agreement.

FEDERAL/STATE COOPERATIVE PLAN FOR ECONOMIC DEVELOPMENT

FISCAL YEAR 1988

Boston District Office, U.S. and Foreign Commercial Service (US&FCS), U.S. Department of Commerce (USDOC), and Department of Economic Development, State of Rhode Island.

The Boston District Office and the Rhode Island Department of Economic Development in recognition of our common mission, to promote the economic well being of the State of Rhode Island and the United States of America primarily through increased exports, mutually agree to undertake the following actions in 1988 in addition to their regular efforts to advance export expansion.

Section I: Actions by the Boston District Office, US&FCS, U.S. Department of Commerce -

1. Assign Raimond Meerbach, Trade Specialist, as liaison with the Rhode Island Department of Economic Development. Such assignment is to coordinate the efforts of the two agencies in areas of mutual concern.

2. Meet with the Rhode Island Department of Economic Development at least monthly to discuss new programs, publications, and services of the U.S. Department of Commerce and to review existing programs, publications and services with the goal of eliminating duplication of effort and to develop joint efforts to determine prospects with high potential for new-to-export and new-to-market counseling.

3. Plan joint field visits with Department of Economic Development representatives.

4. Provide in-office training for the Department of Economic Development as needed.

5. Support Department of Economic Development legislation consistent with US&FCS policy through support materials, expert witness and promotional efforts.

6. Refer clients to the Department of Economic Development where appropriate.

7. Review the District Office Annual Work Plan with Department of Economic Development for input and cooperative ventures.

8. Develop a joint plan for sale and distribution of US&FCS - produced information services. Such plan shall cover the method by which the State can re-sell US&FCS services. The District Office is to provide the State with materials as needed.

9. Exchange information for newsletters and use District Office newsletters to feature Department of Economic Development programs.

10. Provide copies of news releases, speeches, and other appropriate materials on U.S. international trade policy to the Department of Economic Development.

11. Provide international reference aids and other materials for the Department of Economic Development's library.

12. Develop a plan to assist the Department of Economic Development in the recruitment of the companies for EDO promoted commercial exhibits, trade missions, etc.

13. Make available the use of the branch office's computer and its data base to the Department of Economic Development.

14. Other activities as suitable to individual District Offices.

Section II: Actions by the Rhode Island Department of Economic Development -

1. Meet with the Boston District Office Director of the US&FCS at least monthly for the purpose of mutual briefing of current business conditions, promotions, programs, etc., of the two agencies and to investigate ways and means of dissemination to the business sector and the public in general the programs of the State and the Department of Commerce to enhance the overall economic growth of the State of Rhode Island.

2. Work closely, on a continuing basis, with the Boston District Office in the promotion and sponsoring of business seminars and conferences throughout the year.

3. Be responsive to the Boston District Office for any requests for assistance with regard to State economic statistics and other information as requested.

4. The Department of Economic Development will be represented on the District Export Council to assist in fostering the efforts of export expansion.

5. Exchange trade leads and business development leads with the Boston District Office.

6. Assist the Boston District Office with various seminars, conferences, etc., that are conducted.

7. Advise the District Office Director of plans for any State trade mission to facilitate Washington and overseas support. Consideration should be given for all missions to be IOGA status.

8. Provide the Boston District Office with manufacturing directories and other materials and information that assist in expanding exports.

9. Exchange information for newsletters and use newsletters to feature Department of Commerce programs.

10. Assist the Boston District Office with the planning and implementation of World Trade Week activities.

11. Cooperate with the Boston District Office on the creation of a State calendar of export-related events.

12. Other assistance as needed.

Louis A. Fazzano, Director
Rhode Island Department of
Economic Development

Date

Frank J. O'Connor, District Office Director
U. S. Department of Commerce,
International Trade Administration

Date